

No. 246 / AUGUST 1993



The new globalism



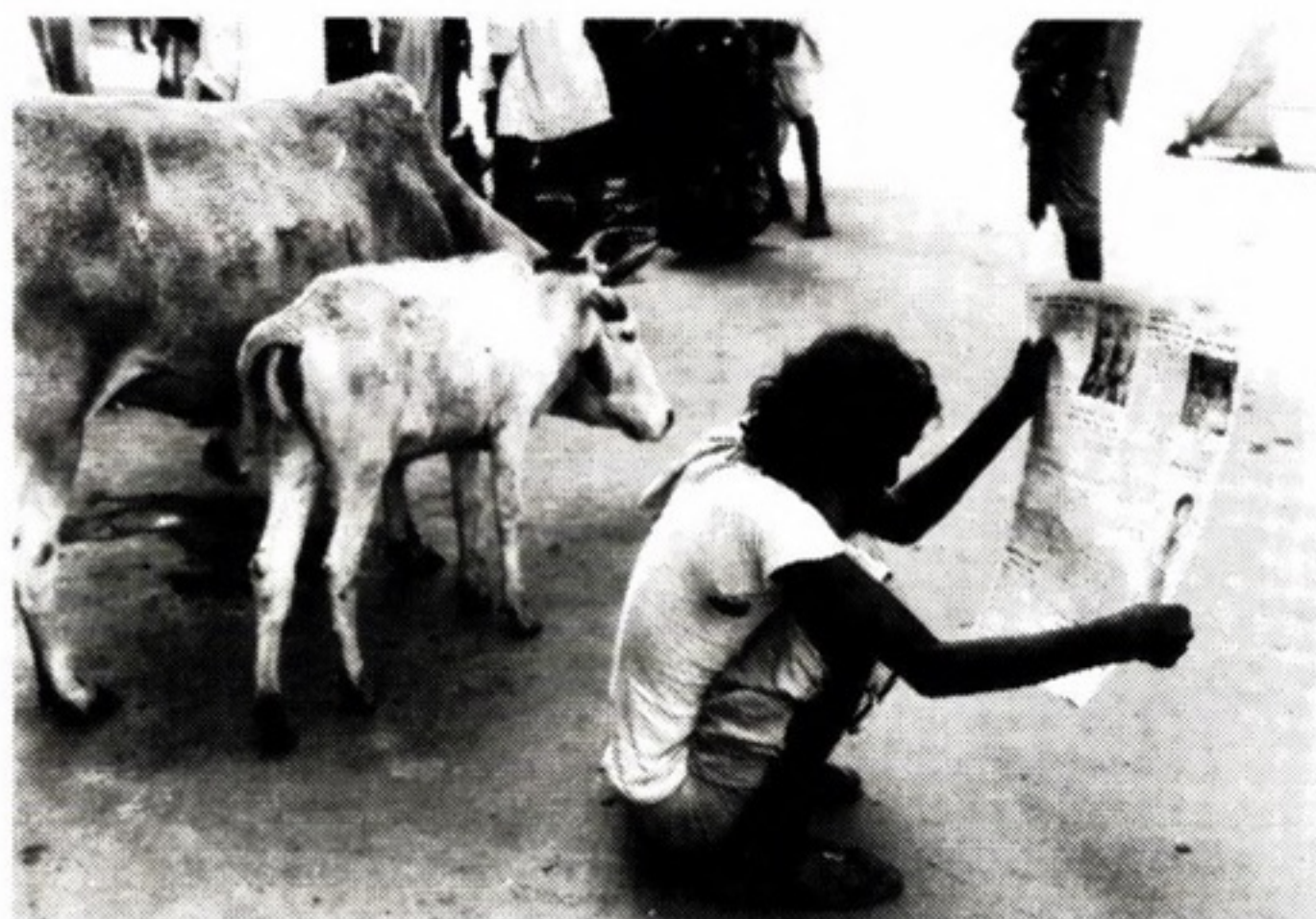
multinationals
take control

J. Kolach

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THIS MONTH'S THEME

Multinationals

FROM THIS MONTH'S EDITOR

WE owe the idea for this month's issue of *NI* to you, our readers. When we mailed our last subscriber survey 18 months ago we asked some of you to short-list topics you would most like to see us cover. For some inexplicable reason multinational corporations emerged as your number one choice. Ever sensitive to readers' needs we checked our back numbers and discovered that it had been more than a decade since we'd tackled the subject head-on.

In my own case it had been considerably longer. The last time I personally researched the issue was in 1976. That was the heyday of interest in multinationals. Only three years before, Dick Barnet and Ronald Muller had released their now classic *Global Reach*, a brilliant dissection of the growing 'statelessness' of these huge companies. Growing outrage over corporate support for repressive regimes in Latin

America and Africa combined with resentment over their lack of public accountability at home to make multinationals a topic of intense concern.

When I rummaged through my files to see what I'd written nearly 20 years ago I was struck by the fact that the basic criticisms raised then still stand. Though the corporate world has 'restructured' and many of the individual companies have been swallowed up or gone bust in the process, the giants are still there and they haven't lost any of their power. Quite the opposite.

There have been critical changes in the intervening two decades, largely to do with 'market share' and the way corporations themselves are organized. Most of these internal developments have

been driven by the micro-electronics revolution.

Computer technology has zoomed ahead faster than any of us could have predicted, opening the way for what the Japanese call 'lean production' – innovation coupled with flexibility and, inevitably, insecurity for workers. As Henry Ford's old idea of mass standardized production and mass markets ended, the era of 'outsourcing', 'just-in-time' production and 'niche marketing' began.

Despite these enormous structural changes and their impact on the world economy, multinationals somehow managed to avoid the spotlight of public criticism during the 1980s. The giddy excesses of the decade, the free-market mania of the Thatcher/Reagan era, fractured the main battle into a thousand rearguard skirmishes. Now with the division of the world into three huge trading blocs and a strong business lobby pushing 'free trade' there is renewed concern about the 'corporate agenda'.

In the 1970s I wrote about the 'democratic facade' that allows multinationals to ignore social responsibilities and to place private gain ahead of public good. In the emerging global economy of the 1990s it's even more urgent to question corporate ideology.

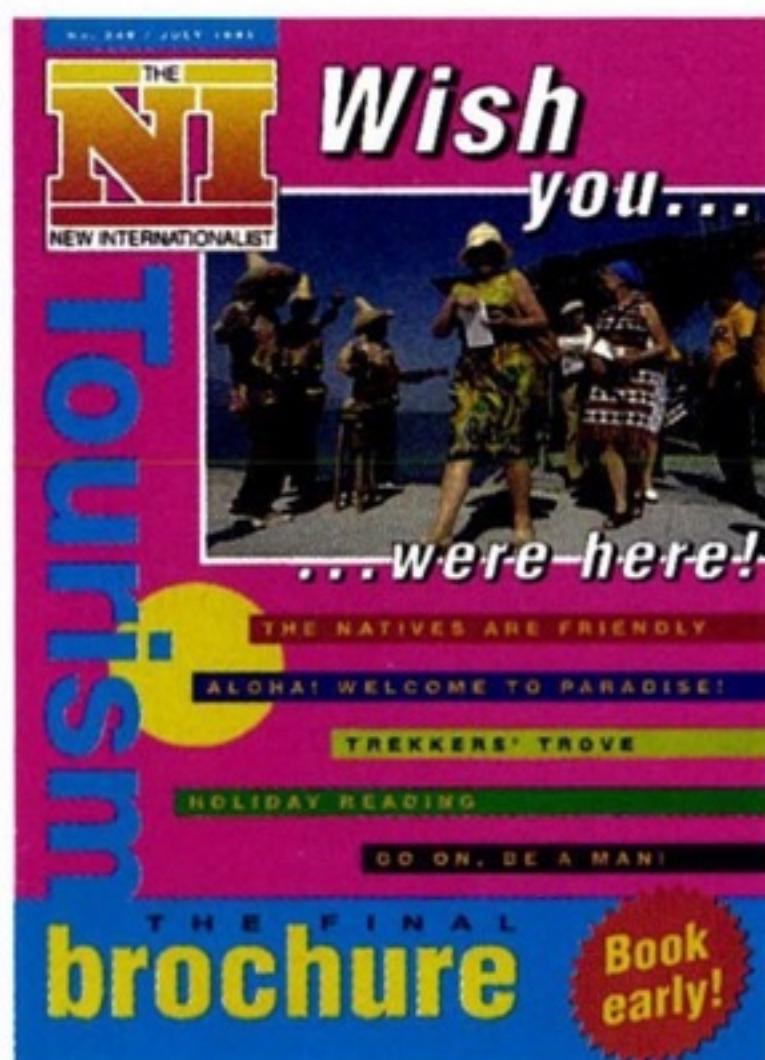
'Who's in control?' was and is still the central issue.

Wayne Ellwood,
for the *New Internationalist* co-operative

Hot pink

The NI in hot pink! Your issue on tourism (NI 245) arrived just as I was going on holiday. I felt at first that your frivolous treatment of a serious subject was an insult to the very people whose lives you claim to be concerned about.

But when I handed it over to



my boyfriend on the beach in Mykonos he felt the opposite. He said I'm a boring lefty and this issue got him interested in a subject he hadn't thought about before. You're treading a dangerous path so be careful! But maybe I should lighten up.

James Samsted
London, UK

Catholic-bashing

Greg Irwin's mixture of sarcasm, abuse and anti-Catholic sentiment (*Curiosities* NI 244) is totally out of place in a magazine like the NI.

Such rhetoric, had it appeared concerning the Islamic treatment of women, would have taken a one-way trip to the waste-basket. However, it seems OK to join in the international sport of Catholic-bashing. Is this not hypocritical? Many Catholics such as me find it deeply offensive that this propaganda is allowed to obscure the work of organizations like CAFOD, as well as the message of peace, alms-giving and love which the church presents.

Of course discussion must take place over the equality of institutions; that is the NI's mandate, but to drag it to the journalistic levels of *The Sun* would mean that the magazine would no longer be taken seriously.

Christopher Watt
Dunfermline, Scotland



The **New Internationalist** welcomes your letters. But please keep them short. They may be edited for purposes of space or clarity. Include a home telephone number if possible and send your letters to the nearest editorial office. The address is inside the front cover.

Creatures of fantasy

I belong to your category of people who 'can't stand comics' and found it utterly inappropriate to deal with problems of humanity in the way of *Alice in Latasica* (NI 243).

These problems are far too serious to be ridiculed by creatures of fantasy, creating the illusion that the problems are not applicable to relations between humans, and therefore not to be considered seriously.

I am not able 'to give this one a chance... and it might just convert you' – never!

HW Kobe
Auckland, Aotearoa / New Zealand

Class divisions

Susan George (NI 243) identifies the key issue in international

relations today: are what she called 'Northern taxpayers' to be numbered among the oppressors or the oppressed? The North gains considerably from the favourable terms of trade which it enjoys in relation to the South, and 'taxpayers' benefit from this as well as bankers and IMF officials. In this sense, we in the North are all part of the problem.

On the other hand, the pauperization of countries in the South is clearly not in the interests of the North because it tends to destroy the capacity of those countries to trade at all. In this sense, as Susan George says, we in the North must be at one with the people in the South.

Excessive indebtedness and structural adjustment programmes can be explained in

terms of the class divisions in both North and South, to which Susan George refers. Such processes benefit the ruling élites in all parts of the world. The result is the establishment of an increasingly regulated global capitalist system in which a fragmented working class will become less and less effective.

The only alternative is a global socialist organization to control élites and plan for a fair balance of world trade – and that is a long way off.

Pete Somerville
Manchester, UK

Cocoa confusion

I am confused after reading the small article on cocoa (*Updates*, NI 243). I was of course concerned at the condition of the (mainly female) pesticide sprayers – particularly when the image is contrasted with that of the (mainly female) chocolate consumers in the North.

But if the North were to stop consuming cocoa products in protest, this would surely only put the cocoa worker out of work and close down a large export market.

How can we continue to provide markets and stimulate repressed economies but also protect the workers? Is it really a no-win situation?

Lorraine Walsh
Perthshire, Scotland

Mixing up malaria

Oops! Back to your textbooks Dr Barrett (*Curiosities*, NI 243). As any keen biology student knows, malaria is caused by the organism *Plasmodium vivax* transmitted by the mosquito *anopheles*. *Plasmodium vivax* is a protozoan related to the famous *amoeba*, neither of which have any connection with viruses. This may not mean much to non-biologists, but I'm sure you like to get your facts right!

Martin Cockcroft
Tayside, Scotland

Offensive word

I always read with eagerness and interest copies of the NI. I have been regenerated by its humanness and socialist thinking.

The use of the single word 'pariah' on page five of the issue on Kerala (NI 241)

Pious mouthings

What an incredibly naive letter from Lilly Borg (NI 243). It is as if the Gulf War had never happened... surely nobody can believe that the UN is not being manipulated after such an appalling illustration!

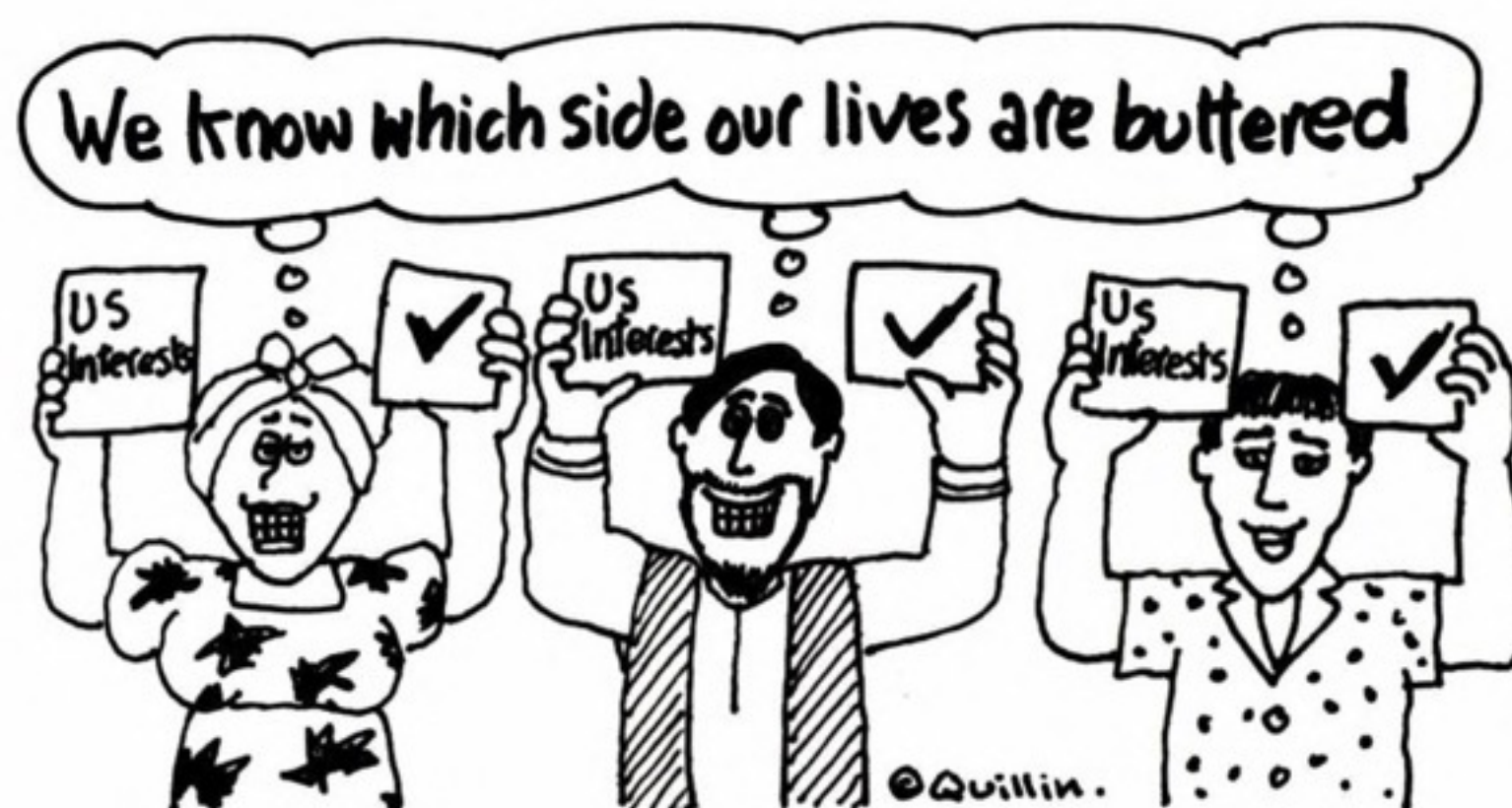
Yes, the UN was founded with the best of intentions, but unfortunately the people who still hold to the original ideals are not the ones with the power. Independent development agencies of the UN are rapidly being disposed of – their research into the social and economic causes of conflict have proved a bit too much for the West!

Voting within the UN is now meaningless. With the institution of the US 'Office of Multilateral Diplomacy', many nations have realized that voting against US interests is a dangerous business... They stand to lose hard currency credits, or even food aid.

The UN no longer serves as the peacekeeping organization that it was intended to be. It has instead become an acceptable front for the warmongers of the Western world.

Pious mouthings about 'UN bashing' will do nothing to hasten the radical change which is so urgently needed within the UN.

Mary Roberts
London, UK



marred the otherwise educative magazine. The word carries an opprobrium and to continue to give it currency would encourage the perpetuation of the pernicious caste system which is the cause of misery to large sections of people inhabiting South Asia.

May I kindly request you to desist from using the term in future? If people cease to use the word, perhaps in the course of time it could be expunged from the dictionary.

T Muthiah
Galaha, Sri Lanka

Resemblance

I was struck by the resemblance of the Pakistani committee (*Letter from Lahore, NI 242*) to the origins of our British Building Societies. A few members of a community formed a savings group; when there was enough money to build a house, the payments, lotteries and building continued until all the members had a house of their own, and then the society terminated. As a worker in a modern building society I'm not sure that the changes over the past 250 years have necessarily been improvements!

Lynne Moore
Northampton, UK

Disabled Lives

Do survivors of incest, violence, sexual and psychological abuse inflicted on them as children not count as having 'disabled lives'? (*NI 233*).

Freddie Monks
Derby, UK

Back issues

I would like to thank the numerous individuals and organizations who wrote to offer a good home to my *NI* back numbers. I sent the whole consignment to the first person who wrote to me. Since then I have received a number of letters and sadly can't answer them all individually. I was delighted to have confirmed how much the *NI* is valued. Thank you to all the fellow-readers who wrote to me and, of course, for the journal itself.

Helen Tomkins
London, UK

The views expressed on the letters page are not necessarily those of the *NI*.

LETTER from LAHORE

Smoke in the closet

Maria del Nevo lifts the lid on women smokers.

SOME years ago I was walking in one of Lahore's most exclusive markets when I saw something which stopped me in my tracks. A woman, perhaps in her late thirties, was sitting in the driving seat of her parked car. Very casually she drew on a cigarette and exhaled the smoke through the open window, apparently oblivious to – or determined to ignore – the many people like me who stopped and stared.

I was shocked, then, because I had not been in Pakistan long. Before I left England I was warned that it was socially unacceptable for women to smoke, and since my arrival I've heard many a Pakistani man announce with great pride that 'their' women never smoke.

I came to know, in those early days, that women in Pakistan do smoke. It was Zubeida who enlightened me. Zubeida rarely leaves her home. Whenever her mother-in-law takes her out to buy clothes – which is very rare – the outing is regarded as a major event. But for household goods and groceries her father-in-law does the shopping and Zubeida is forbidden to roam the neighbourhood alleys, where local men will be free to look at her and women will have cause to gossip.

I arrived at her house as she was cooking for her husband and in-laws. Her house is a tiny one-up-two-down inhabited by six adults and four children. The kitchen is attached to the main living room. But that didn't seem to bother Zubeida who seemed to be quite desperate.

Almost pushing me behind the door she told me in urgent tones to light up. 'Hurry, hurry!' she whispered. Zubeida is an old friend. Her in-laws, by that time, were quite used to me. As for my smoking in their house, they just shrugged me off as another foreigner with those kinds of habits. So I lit up and there Zubeida and I stood, behind the kitchen door, where I fed her my cigarette.

Ever since, when I visit, Zubeida leads me straight into her bedroom where we position ourselves on the bed in such a way that I can feed her my cigarette while watching out for any approaching in-law or child through the reflection in a glass cupboard beside the door. 'I think you miss my cigarettes more than you miss me when I haven't been to see you for a while,' I tease her, and we giggle like mischievous school children.

One day Zubeida asked me to leave half the packet with her. 'But what if your husband finds them?' I exclaimed, and fear shadowed her face. 'And where will you smoke them all?' I asked.

'In the bathroom,' she replied, 'or when they go out'. The bathroom is the one place in a Pakistani home where you can be assured of some uninterrupted privacy. And, I discovered, it is a haven not just for women like Zubeida.

Selma, another friend of mine, is in her fifties, middle class and married to a university lecturer. She works in the education department and supervises the government's adult literacy programmes in the Punjab. Knowing that she is a smoker I offered her a cigarette when I went to visit her one evening.

'Oh no, thank you,' she said, 'I only ever smoke in the bathroom', and she and her husband chuckled as if at a private joke. 'I got into this habit of smoking in the bathroom at my office, and I brought the habit home with me!' Later, I noticed a paperback and a pack of cigarettes in her bathroom

where, she told me, she retires after dinner and before bed.

In a large, open-plan government office, where the workforce is dominated by men, it wouldn't do at all for a woman to sit at her desk filling up an ashtray. Therefore at work Selma refrains from lighting up until there is a tea-break or during her lunch hour, when she goes to the 'ladies' and can be assured of total solitude, and where she can smoke in peace.

'One day,' she told me, 'the peon (office servant) came up to me. He said: "Madam, I know what you are doing in the bathroom." I was taken aback and thought he would report me. But then he leaned forward slightly and whispered: "But don't worry, Madam. I won't tell anybody."' Selma sat back then and laughed merrily.

'We are living in a patriarchal society,' she explained later when we were sitting down to dinner. 'Men here set the rules as to how women should behave. I don't like it, this repression, but in order to function and to be able to go out and have a career I have to make a certain amount of compromise. That's just how it is.'

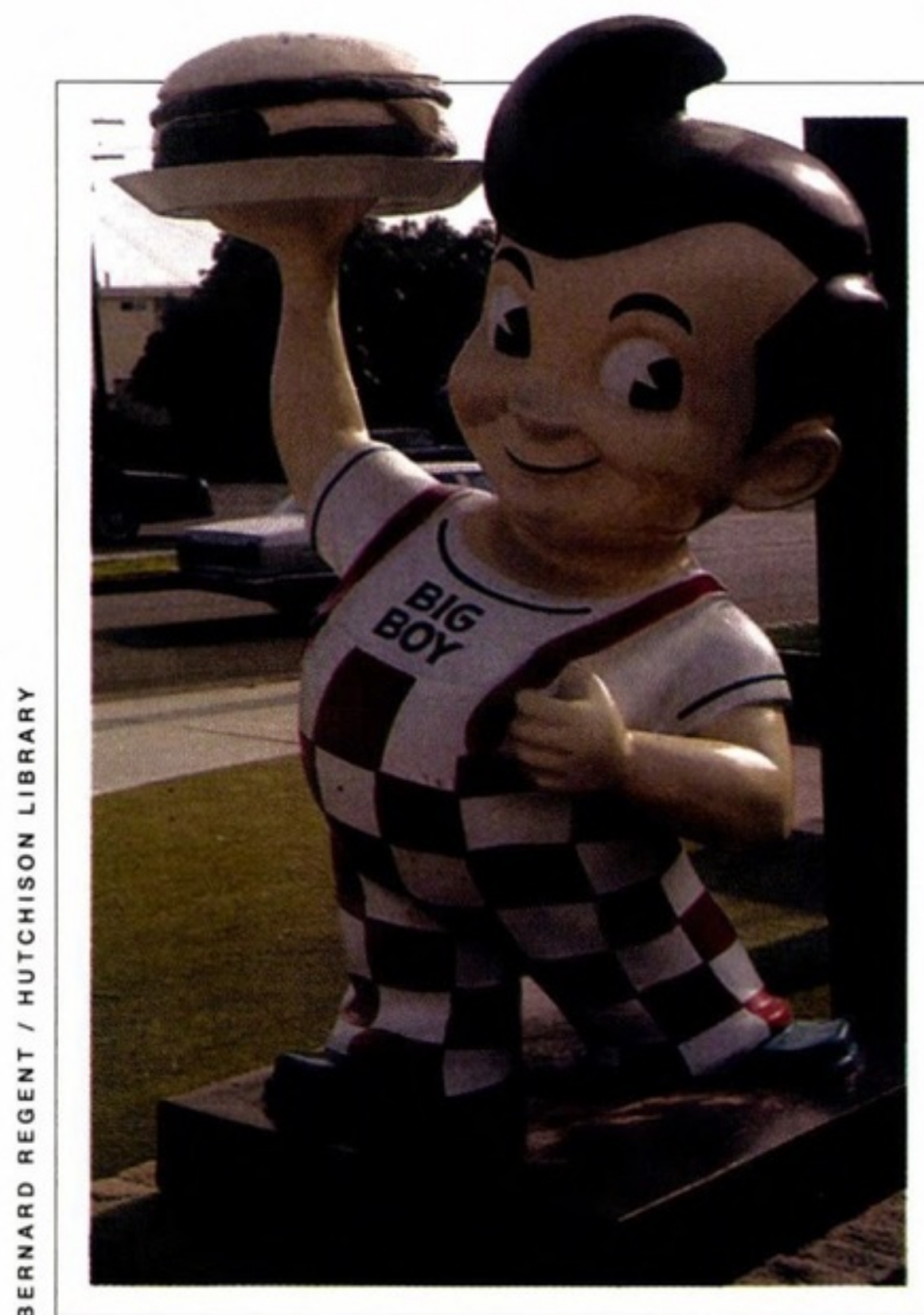
Maria del Nevo is a former *NI* staff member who now lives and works in Lahore.



MIRIAM MCCURDY



Multinationals and the subversion of sovereignty



BERNARD REGENT / HUTCHISON LIBRARY

They're back. The giant companies that control much of the world economy have stepped out of the shadows and into the spotlight as the main sponsors of 'globalization'. Wayne Ellwood asks what they're up to and what can be done to curb their growing power.

THE news came without warning, in the bleak half-light of a January morning. The workers at the Bendix company's sprawling plant on the edge of London, Ontario were called into a brief morning meeting to hear a 'special announcement' from management.

The 200 workers – men and women mostly in their mid-40s and early 50s – joked nervously as they took their seats, knowing something unusual was about to happen. The announcement was perfunctory, the language dressed in the clinical logic of the market. Management spokesmen laid out the case. Bendix, part of a huge American-owned conglomerate which manufactures everything from

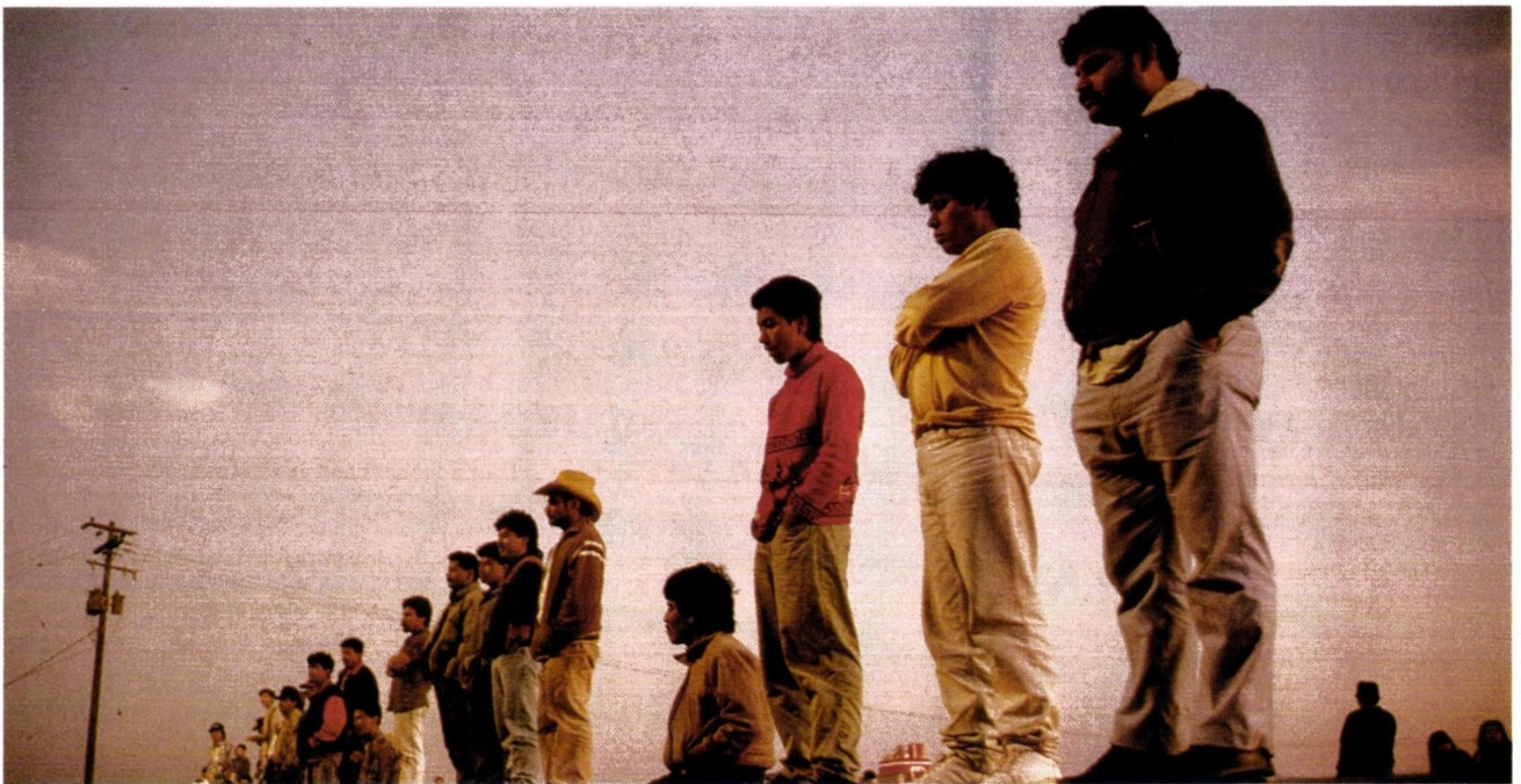
oil filters to industrial solvents, was 'restructuring'.

The plant would close, all workers would be laid off, the decision was final. Work from the London plant would be shifted to three other Bendix factories: Frankfort, Kentucky; Charlotte, North Carolina and Del Rio, Mexico. In the question period that followed, management denied there was anything 'political' in the announcement, nor was it a question of profits or quality. The reason was simply 'too much capacity'. Something had to go.

Months later, in the tidy union office a mile or so from the plant, I spoke to some of the workers about the experience.

Alice, 38 years old, a 19-year employee of Bendix:

'We made air-brake systems for trucks and transport trailers. I built the parts, put them together and looked after the robotics. They'd been putting in new technology here for ten years and we'd been losing employees slowly ever since. We had over 500 workers in the early 1980s. We were angry when they told us the plant would be closed. There were no good reasons; they were making money. It doesn't hit home until it happens to you; you feel so powerless. Your world is suddenly upside down and there's nothing you can do to stop it.'



A. WEBB / MAGNUM

Looking north: Mexicans wait to cross the border near San Ysidro, California. Corporations are pitting Third World workers against their Western counterparts in an attempt to lower wages and working conditions.

Bob, 49 years old, a 19-year employee of Bendix:

'I worked in the office as production planner, managing the inventory supply system. I gave the company my best years, my most productive years and now it's like I've just come out of school looking for my first job. I've missed the boat, I realize that. These kind of jobs just aren't there any more, not for people my age. Companies like Bendix don't really have any feelings for their employees; in the end the buck is the bottom line. If they had their way management would have robots doing everything in the plant, but they forget that robots don't buy anything.'

Al Seymour, 52 years old, Area Director, Canadian Auto Workers, London, Ontario:

'I helped to organize this plant 25 years ago and I was the service rep during the closure. The company used to tell us this was the most productive in the system but quality didn't mean anything in the final decision. We had decent wages, good benefits and a good pension plan; that was the problem as far as the company was concerned. The Free Trade Agreement (between Canada and the US) made it easy to shut down this plant. Why not go south where labour costs are cheaper? Companies like Bendix can close and they don't have to justify the decision to anyone.'

They just can't be allowed to disrupt people's lives like they do when the decision is based only on maximizing profit. They sell their product here; they should have a responsibility to produce it here.'

These workers from the Bendix plant in southern Ontario are the human face of a revolutionary shift taking place in the world economy. And they are not alone. The last decade has seen corporate 'restructuring' and factory 'downsizing' throughout Britain, Canada, the US and most of Western Europe. In the process millions of workers have lost jobs. Unemployment rates once considered scandalous are now accepted with resignation.

Despite widespread recession and a trail of business failures, multinational corporations have strengthened their control of the world economy in recent years. According to the UN, these globe-spanning private companies now control 70 per cent of world trade. From jet aircraft and microprocessors to TVs and automobiles, multinationals are firmly in command. The top five companies in each major market typically account for between 35 and 70 per cent of all world sales. Names like Boeing, Du Pont, Philip Morris, ICI, General Electric, Toyota, Bridgestone, Northern Telecom and Nestlé are known from the shantytowns of São Paulo and Bangkok to the leafy suburbs of Sydney and Seattle.

The control these private business organizations have over investment, production

and marketing means they can decide what jobs are located where; what working conditions and wages will prevail and what living standards are possible.

Critics charge that the ability of multinationals to manage production on a global scale and leap national borders in search of lower costs and higher profits now threatens democracy itself. Companies are less attached today than ever to their country of origin. And as their loyalty fades so does any ultimate responsibility for their actions.

'Multinationals no longer have any territorial loyalty or connection,' says Richard Barnet of the Institute for Policy Studies in Washington DC. A seasoned observer of corporate behaviour, Barnet believes that 'the mobility of these companies undermines the power of national governments to deal with traditional economic and social issues'.

Barnet also worries about what he calls a global employment crisis. 'All the pressure within the system,' he argues, 'is to increase the output per worker. But more and more jobs are being replaced by machines and incomes for the vast majority are going down.' The key point, says colleague John Cavanagh, is that 'it doesn't add up globally. There are 38 million new people entering the job market yearly in the developing world, maybe 47 million worldwide. And the largest corporations overall are cutting jobs.'

Corporations use the word 'global-



Selling the good life in Kuwait: street vendor hawks Western cigarettes after the US invasion.

ization' to describe the transformation in the world economy. The theory is simple and seductive: all barriers and regulations that might impede the free flow of capital or restrict the operations of the marketplace should be dismantled. Investors should be allowed to put their money where they like; manufacturers to sell their goods where prices are highest; and labour to move to where wages are highest.

According to this view Western nations have grown fat and lazy. To compete with the dynamic, efficient economies of Asia we've got to cut costs. There may be pain in the short run but at the end of the day natural comparative advantages will allow all countries to emerge as winners.

An integral part of this 'globalization' thesis is the push by powerful corporations for 'free trade'. Governments pledge their allegiance to it. Business claims it as the natural order of economic life. And naysayers are dismissed as petty 'protectionists' fighting old battles, unwilling to aid the spread of prosperity.

We can witness this lobby in full feeding frenzy at the General Agreement on Tariffs and Trade. GATT is the international organization which hammers out the rules on world trade for its 108 member countries which control 90 per cent of all international trade. We can see it close to victory as the North American Free Trade Agreement (NAFTA) – a trilateral deal between Canada, the US and Mexico – edges closer to final approval. And we can glimpse part of the globalists' future plans in Washington's 'Enterprise for the Americas Initiative', an ambitious effort to create one vast market from Tierra del Fuego to the high Arctic.

Unfortunately, the theory doesn't square with real life – as the workers at the

Canadian Bendix plant would be the first to agree. As soon as corporations are free to move across borders and labour isn't, the theory falls apart. Critics like renegade World Bank economist Herman Daly are quick to point out that when both capital and goods are mobile internationally then capital 'will follow absolute advantage to the low-cost country rather than reallocate itself according to comparative advantage within its home country'.¹

Bendix officials didn't mention wage rates or other costs as reasons for closing the Canadian plant but it seems likely. A good portion of the London plant's work was simply re-assigned to the southern US and to Mexico. The company has been making ABS braking systems on the outskirts of Charlotte, North Carolina since 1977.

I decided to travel there to see what Bendix and other multinationals find so attractive about the area. It didn't take long to discover the answer.

'Right to work'

North Carolina ranks first in the southern US for new jobs and new investment and there is one main reason: cheap labour. The state is one of 20 'right-to-work' states in the US, as pure an example of semantic subterfuge as you're likely to find. The legislation renders trade unions virtually powerless. It means that workers at unionized plants are not obliged to pay union dues or even abide by union decisions. The upshot is that they are constantly fighting to keep membership above the 50 per cent level to avoid management filing for de-certification.

On a sultry morning in early May I met James Lawrence, a respected leader in Charlotte's Afro-American community. Lawrence was a labour organizer for the

United Food and Commercial Workers for nearly 40 years. His work took him all over Mississippi, Alabama, Georgia and the Carolinas. When I asked him about the 'right-to-work' law he shook his head: 'They sold us a bill of goods on that one; "vote for it and you got the right to work". Who doesn't want the right to work? Only later we found out what we were voting for – the right to work for less.'

And North Carolinians do work for less. The average wage at the Charlotte Bendix plant is around \$10 an hour compared to \$15 an hour at the Canadian plant. At five per cent of the labour force the state has the lowest unionization rate in the US. The national US rate is 16 per cent and in Canada almost 38 per cent. Nearly a third of North Carolina's workers make less than \$12,000 a year, below the poverty line for a family of four.

Despite the flurry of investment, labour veterans like James Lawrence believe living standards are actually getting worse. 'I'd sit down ten years ago and negotiate a contract for \$12 an hour. Before I retired I'd sit down with the same company and negotiate for \$8 an hour with none of the benefits like health care and pension we had before. I tell you it breaks your heart.'

It's this downward spiral that worries people like economist Steve Beckman. I spoke to him at the Washington offices of the United Auto Workers, the union which represents the workers at the Bendix plant in Charlotte. What you end up with, he explained, is a 'whipsaw effect' – companies playing off one plant against another and one country against another to see who will offer the lowest labour costs and the best give-away package.

'In 1981 Mexican auto workers earned a third of the wages of auto workers here in the US,' says Beckman. 'They currently earn between a tenth and a twentieth of US wages. That's an incentive for multinationals which wasn't there before when wages in the auto sector more or less reflected productivity. They don't anymore and that creates competition which is impossible for us to deal with.'

American and Canadian corporations now routinely use the threat of moving to Mexico as a bargaining chip. And the same trend is visible elsewhere. In Europe more and more companies are looking east, hoping to jump borders into Hungary and the Czech Republic where wages are often a tenth of German or French levels. General Motors recently opened a \$690 million assembly plant in eastern Germany where employees work longer hours with fewer benefits at 40 per cent of the wages of their colleagues in the western part of the country.

In the new global economy that the multinationals envisage 'competitiveness' becomes a race to the bottom. As capital is

given free rein the definition of what constitutes fair trade and what constitutes a brake on the 'invisible hand' of the marketplace widens dangerously.

Corporations at GATT and elsewhere talk about the need to 'harmonize' standards to produce a 'level playing field' and bring down the barriers to free trade. From the corporate perspective these 'barriers' are all-embracing. National health insurance, worker safety laws, environmental standards, agricultural marketing boards: all can be challenged as 'subsidies' and thrown onto the bargaining table in the name of reducing costs. The pressure to harmonize is all one way. Down.

Take food standards for instance. Currently, if national standards are more stringent than international standards they are presumed *not* to comply with the GATT. The problem is that GATT uses standards set by a UN Food and Agricultural Organization committee which is weighted down with representatives from the agrochemical and food industries. The FAO currently allows levels of DDT and other banned agrochemicals 50 times higher than those permitted in the US. In addition the agency's food-labelling guidelines are toothless, both vague and voluntary.

As American writer Walter Russell Mead observes, the multinationals' new globalism 'is about more than sending First World factories into the Third World; it's also about importing Third World economic pressures and social conditions into the West'.²

Nonetheless, non-governmental organizations (NGOs) and public-interest groups in the South are deeply worried about the growing power of multinational corporations. Martin Khor, Director of the Third World Network, an umbrella group repre-

senting several dozen NGOs, believes the current 'Uruguay Round' GATT talks will lead to 'further dislocation and loss of sovereignty' for nations of the South. He is probably right. In return for access to northern markets, developing nations are about to make significant concessions to multinationals. The corporations want a deregulated global market in three areas: investment capital (no restrictions on foreign investment); services (things like banking, insurance, engineering, transport); and in another key area with the obscure name of 'intellectual property rights.'

Patent pirates

These 'rights' amount to tighter control by multinationals over patent, copyright and trademark laws. Western companies are concerned their profits are being siphoned off by poor countries that refuse to rein in 'patent pirates'. But they're about to set that right. If proposed changes sail through, US multinationals alone could take \$40 to \$60 billion a year from the pockets of Third World consumers, according to the Washington-based International Trade Commission. Countries like India for example would be forced to abandon their own patent laws which have allowed local pharmaceutical companies to supply the Indian market with cheap generic drugs. Granting full 20-year patent protection to foreign multinationals would screen out cheaper domestic competition and destroy a system which supplies low-cost basic drugs to hard-pressed Indian consumers.

Tearing down barriers to foreign investment will open Third World economies further to outside control. But a bigger danger lurks in the world of finance capital, which already operates outside national or international regulations. Currency traders and corporate bond

dealers hold the upper hand. High-speed computer technology combined with billions of dollars in free-floating currencies has created an integrated but anarchic global financial market. Finance Ministers from Delhi to Canberra tremble as Wall Street bond-rating agencies announce their verdicts. Twenty-five-year-old kids at keyboards control the fate of nations. Governments ratchet up interest rates which simultaneously attracts speculators and discourages productive investment. And social programmes are cut to please money-managers in Tokyo, London and New York who have a constitutional antipathy to budget deficits.

This unregulated mobility of finance capital and investment capital is a concern which both national governments and the international community will have to face head on. Without restraints on the freedom of investors the short-term interests of profit will always overwhelm the long-term interests of economic security and environmental protection. And a 'globalized' economy has to be about more than just productivity and competitiveness; it also has to concern the health, safety and economic life of all our communities.

But it is in the spread of consumerism that multinationals have been most successful. In our age of instant communications corporate marketing messages blanket the globe. The dream of consumption without limits has seized the imagination of rich and poor alike. There is no corner of the earth so remote that it has escaped the notion that our identity is bound up in what we consume. In the words of *The Economist*: 'CNN matters more than ITT'.³

Yet it may be this homogenization process itself which spawns the strongest resistance to globalization. Consumerism, though undeniably powerful, has not eradicated the fundamental values of community – language, culture, family and faith. For most multinationals these most basic human concerns are insignificant. For people they are among the most important ways we seek identity and meaning.

In the end only a small portion of the world's population can hope to own a Sony VCR, eat corn flakes or wear a Rolex wristwatch. There is a widening gap between those few who can obtain the dream and the vast majority who will fall short. It's these legions of the marginalized and the poor who will ultimately challenge the multinationals' global vision. ■

Luxury cars on sale in Lusaka, Zambia: multinationals are lobbying for unrestricted foreign investment rights.



RON GILLING / PANOS PICTURES

¹ *An Ecological-Economic Assessment of Deregulation of International Commerce Under GATT*, Herman Daly and Robert Goodland, World Bank Environment Department, Washington, DC, 25 September 1992. ² 'Bushism Found', *Harpers Magazine*, September, 1992. ³ 'Multinationals Back in Fashion', *The Economist*, 27 March, 1993.

The rag trade goes South

Asian companies are flocking to Central America, lured by bargain-basement labour costs and close proximity to the huge US consumer market. Sarah Cox asks whether this new investment is really a panacea for the region's ills.



A LONG the arid highway that connects San Pedro Sula to the Atlantic Ocean port of Cortes, the bustle of bulldozers and work-crews is a sign of changing times. Up and down the dusty road, the skeletons of long, windowless factories are starting to take shape behind barbed wire fences and concrete walls. Soon these *maquiladoras* will form one of the ten new free trade zones in Honduras.

Near the city centre, at the Federation of National Workers of Honduras, union activist Maria Esperanza Rey is talking to three young women from the Korean-owned company Wonchang Industriales, one of the dozens of new foreign-owned

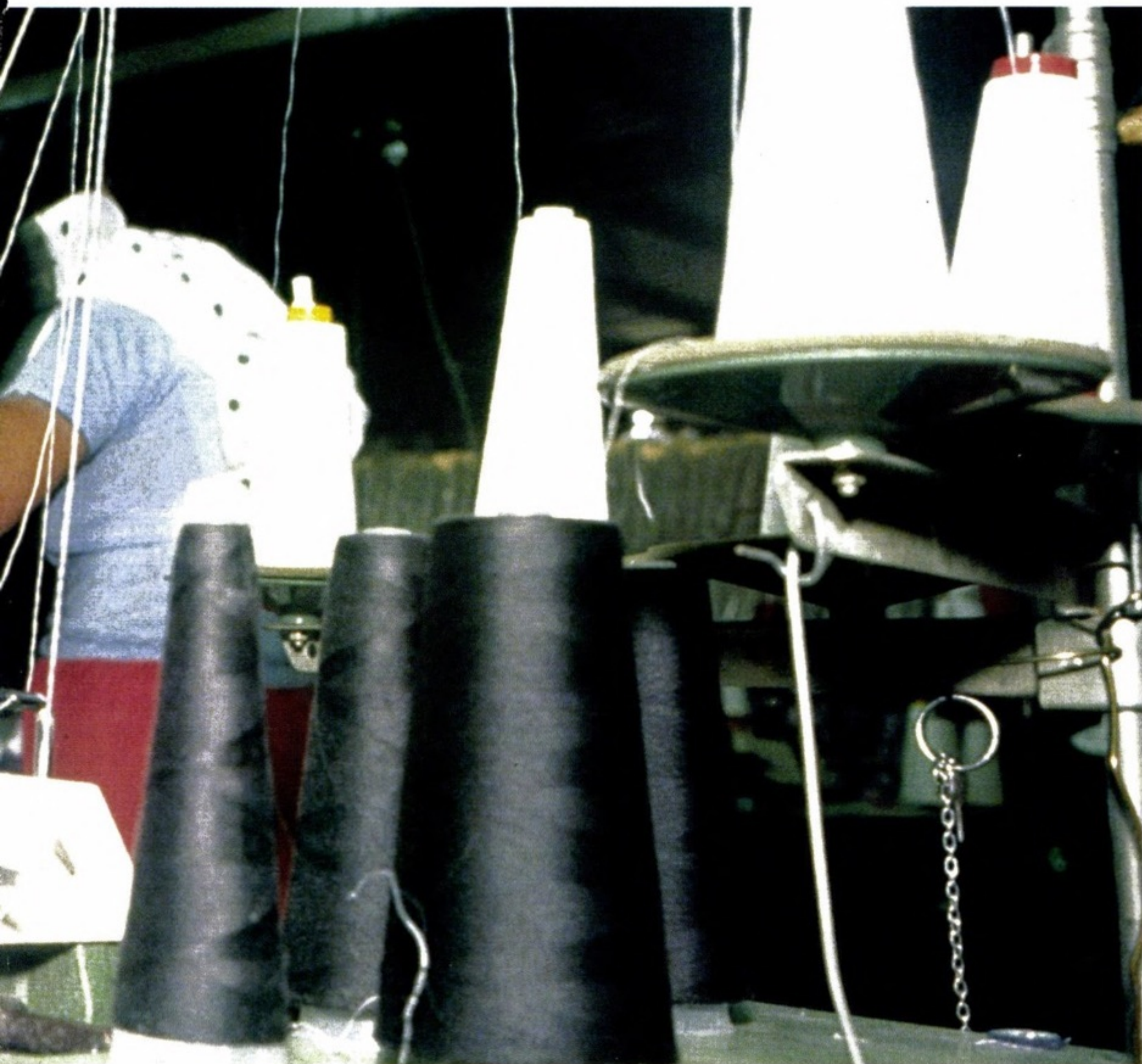
factories scattered around the town. Tearful at times, they recount how the 600 *maquila* employees – mainly young women between the ages of 14 and 20 – are routinely shouted and sworn at, hit, and sometimes sexually harassed by Korean managers.

The women at Wonchang Industriales make about three dollars a day. Seated at rows of sewing machines, each woman stitches the same part of a piece of clothing over and over again. She then passes the finished button-holes or shirt-cuffs to her neighbour, who will sew another tiny part and pass the cloth down the long assembly-line. Employees are not permitted to talk to each other. There is little

ventilation in the building and the tropical heat is made even hotter by steaming industrial irons used to press clothing.

'The work starts at 7:30 am with the first half-hour break at noon,' Maria explains. 'The day ends at 6 pm if they don't have to work overtime. Sometimes they are kept until very late at night, with no breaks. They have to work overtime with no extra pay.'

Maria and her union colleague, Mario Cesar Martinez, have heard many similar stories from women who work around San Pedro Sula. But they admit there is little they can do to help. 'Someone in the government told the investors not to worry, they won't let unions form,' says Mario.



Not much better than bananas: women in Guatemala's *maquiladoras* bend to the whims of fashion and foreign managers.

'We tried to organize in some *maquilas*, but they fired almost everyone.'

Cheap labour is one of the main reasons for the wave of foreign investment in Central America over the past three years. But there are other incentives.

As part of economic adjustment measures adopted in the 1980s Honduras and the rest of Central America began to offer incredible rewards for companies involved in production for export. The idea, pushed by creditors and aid donors, is that new investment will spur both exports and growth, with new wealth eventually trickling down to the poorest.

Investors setting up shop in free-trade zones were exempted from income taxes

and guaranteed that all profits could be taken back to their own countries. Investors were also offered cheap rent on government-built factories while import duties on equipment such as sewing machines, cloth and thread were dropped.

In Guatemala money from the US Agency for International Development (USAID) allowed the government to set up a 'one-stop' service for investors aimed at slashing bureaucratic red tape and speeding up investment approvals.

In El Salvador, where foreign investment has jumped since the end of the civil war, the big drawing card of late is a fast-sinking wage rate. In August 1990, an advertisement published in the US

trade journal *Bobbin* featured a young Salvadoran woman bent over a sewing machine. The advertisement, sponsored by the US-funded Salvadoran Foundation for Economic and Social Development (FUSADES), was captioned: 'Rosa Martinez produces apparel for US markets ...You can hire her for 57 cents an hour'. A year later the journal ran the same advertisement – instead of 57 cents an hour, Rosa could now be hired for 33 cents an hour.

In addition to the government's undeclared ban on union activity, Honduras offers another enticement especially attractive to Asian investors. Since 1991, an investment of \$25,000 or more automatically gets you Honduran citizenship. Similar deals are offered in several other Central American countries. In Costa Rica citizenship costs \$200,000 – eight times the Honduran price.

The Honduran Foundation for Investment and Export Development (FIDE) estimates that 3,000 Asians became Honduran citizens between 1991 and 1993, mostly Hong Kong investors nervous about the change to Chinese rule in 1997. One enterprising Hong Kong company is constructing a 104-acre industrial park between San Pedro Sula and the capital of Tegucigalpa. The park, which will have room for 70 *maquiladoras*, is designated for Hong Kong companies only.

Asian manufacturers in the region usually have contracts or licensing agreements with big American companies to produce clothing for the US market. There is some direct American investment in Central America by corporations like Phillips-Van Heusen, but in general the number of new US-owned factories seems to be dwindling. In Guatemala the *maquila* industry is overwhelmingly dominated by South Korean capital; in Honduras the amount of new American and Asian investment is about equal, with the scales beginning to tip slightly in favour of Taiwanese and South Korean companies.

Firms from South Korea and Taiwan first began to eye Central America in the mid-1980s when textile workers in their own countries started to agitate for better working conditions and higher wages. At about the same time the US imposed import quotas on South Korean textiles. Quotas had already been imposed on imports from Taiwan.

The move to increase restrictive quotas on South Korean imports coincided with Washington's effort to derail support for revolutionary movements south of the border through its Caribbean Basin Initiative (CBI). The CBI allowed factories operating in Central America and the

Caribbean virtual duty-free access to the US market.

Unlike Mexico's *maquilas*, which produce everything from car parts to chewing gum, Central America's new assembly factories produce only clothes. Bearing labels like The Gap, Levi's and Liz Clairborne, clothes are shipped to the US to be sold in stores ranging from discount clothing outlets to designer boutiques.

Part of the hope is that the *maquilas* will create enough jobs to stem the tide of refugees and immigrants across the Rio Grande. Donald Knight from the US Embassy in Guatemala says bluntly: 'We feel that if there are more jobs here, Guatemalans will be less likely to come to the United States and cause problems there. The *maquilas* are a quick way to create jobs. And Asians have the resources now; we don't.'

José Salazar of FEDEPRICAP, a business umbrella-group in Central America and Panama, estimates the region's free-trade zones have created 300,000 jobs so far, with more being created every month.

For Salazar the *maquilas* are symbolic of progress and development. 'We can't employ everyone in coffee and bananas,' he says.

Salazar is right that bananas and coffee are not a panacea for Central America's deeply-rooted problems. In fact, these industries have widened the gap between rich and poor in the area.

But neither is the *maquila* industry going to guide Central America down the elusive path to development. Like coffee and bananas, *maquila* production is geared to exports and controlled from abroad. And production is not based on the needs of Central Americans, but on the fashion whims and demands of North American consumers.

The whopping tax breaks guaranteed to *maquila* owners mean that virtually the only contribution the industry makes is the temporary creation of dead-end jobs. *Maquilas* don't help to pay off foreign debts, nor do they help to increase government revenue so that vital programmes such as health-care and education can be expanded. And as long as factories pay workers two to three dollars a day, the hugely unequal distribution of wealth in Central America will remain.

More poignantly still, jobs will vanish the moment companies find they can reap higher profits over the next border. Says Honduran union organizer Marco Julio Alvarado: 'If it doesn't suit them to be here tomorrow, they will just go to another place'.

Sarah Cox recently returned from Central America where she was researching Asian investment in Central America for the Canadian aid agency CUSO.

Dirty growth

There are more than 1,800 foreign-owned, export-only factories ('maquiladoras') operating just inside the Mexican border with the US. Beatriz Johnston Hernandez looks at what happens when governments ignore the environment in their rush for jobs.

FOR the last ten years, Maurilio Sanchez has been waging a battle in the Mexican border town of Mexicali, two hours due east of Tijuana. In Sanchez's neighbourhood of Chilpancingo, a California-based toxic waste disposal service has been dumping poisons into local sewers for years.

The company, Mexaco, handled waste from dozens of *maquiladoras* in the area but didn't really know what to do with it, except pour it into steel drums or dump it into the Canyon del Padre which divides Chilpancingo.

Mexaco's untrained workers had no idea what was in the drums. They would simply dip cups into the barrels, pouring the various liquids without the aid of protective clothing or masks.

Sanchez and his community recently succeeded in closing down Mexaco but the extent of the environmental devastation is only just coming to light. US companies

began to set up factories just across the Mexican border nearly 30 years ago. They quickly discovered they could reap huge profits by using cheap Mexican labour to make tax-free products for sale back in the US. They were soon followed by Japanese, Canadian and European corporations, all keen to lower labour costs in search of bigger profits.

Mary Kelly, of the Texas Center for Policy Studies, says the US/Mexico border is an example of what happens when powerful companies from a rich country set up in a poor country 'with weak regulatory structures and little political motivation to control the nature and pace of development'.

The fact is that Mexican border towns have become garbage dumps for millions of barrels of benzene solvents, pesticides, raw sewage and battery acid spewed out by foreign-owned *maquiladoras*. The companies also dump toxins into landfills, rivers,



populated canyons and storm drains. Millions of gallons of toxic waste are dumped daily into the Rio Grande in Texas. Along the Pacific coast near Tijuana and San Diego an estimated 1,000 gallons-a-second of poisoned water pours into the ocean. But much of the pollution has also come from the new workers who have moved into the region over the past two decades. Sewer systems are now so inadequate that raw faecal matter flows freely into water-wells used for drinking and irrigation.

In Tijuana there are an estimated 700 *maquiladoras* employing 350,000 workers. Half-a-million people live in cardboard shacks on dirt tracks with no plumbing and no electricity. Constant exposure to untreated sewage means that hepatitis, vibrio cholera and amoebic dysentery are widespread.

At the border's easternmost reach, around Brownsville in Texas and Matamoros in Mexico the rate of anencephaly – babies born without brains – is four times the national average. Eighteen families from the region are now suing 88 of the area's 100 *maquiladoras* for exposing the community to xylene, a cleaning solvent that can cause brain haemorrhages as well as lung, liver and kidney damage. A 1979 Finnish study connected neural tubal defects, like anencephaly, to the mother's exposure to both xylene and toluene, another common chemical in *maquilas*. Among the companies charged are Zenith, ATT, Fisher-Price and General Motors.

Carmen Rocco, a community doctor leading the fight for information, recently found that the tissues of one



Mayhem along the banks of the New River: pollution alert in California (top) and poison-filled drums in Mexico (right). The end of the working day at a *maquila* in Reynosa, Mexico (bottom).



MARK LUDAK / IMPACT VISUALS, STEPHANIE HEIMANN / IMPACT VISUALS

of the anencephalic baby's mothers showed the presence of five different types of pesticides, including three that have been banned in the United States.

Carrillo Aguilar and his family of 15 are typical of many in Matamoros. They live literally in the shadows of the factories, their horizon dotted by *maquila* smokestacks. From the factories

run open ditches full of chemical sludge. Sometimes, says Aguilar, it looks like milky-white ooze, sometimes like putrid black oil. The streets are thick with calcium sulphate waste. That eye-watering smell of pentachlorophenol penetrates the air. Some of the effluent comes from Rimir, an auto trim plant and a subsidiary of General Motors. The waste contains xylene at 2.8 million parts per billion, a level so high that the sample itself is considered hazardous. 'We do our best to keep the children away from the black water,' says Aguilar, 'but we're not always successful.'

All along the Lower Rio Grande Valley *maquilas* dump unknown quantities of toxic waste into the river, from which 95 per cent of the region's residents get their drinking water. Scientists say the entire Rio Grande Valley is becoming a toxic disaster zone. Half way between Brownsville and San Diego copper smelters dot the border, throwing toxic fumes into the sky, polluting the water and causing an unprecedented number of severe respiratory illnesses traced to sulphur dioxide emissions.

'There are lots of water problems around here,' says Jeff Land, of the El Paso-based Border Ecology Program. 'The Mexicans want investment at all costs and that means very dirty growth – lots of companies are escaping stricter regulations in the United States by slipping across the border.'

Land's current struggle is to force smelters on the Mexican side to conform to more stringent US laws. His target is Cananea Copper Smelter, 30 per cent owned by the US company Asarco, which, says Land, 'should be held responsible for the pollution it's causing'.

With Mexico, the US and Canada about to be linked in a North American Free Trade deal, environmentalists like Land are bracing themselves. 'Mexico,' he says, 'has the potential of becoming one big *maquiladora* zone.'

Beatriz Johnston Hernandez is a reporter with Pacific News Service in San Francisco.



ALEX WEBB / MAGNUM

Globaloney

The business pages are larded with language whose meaning is obscure and often misleading. **Doug Smith** explores the jargon of the corporate world.

Level playing field

In theory

The argument for a 'level playing field' sounds like an argument for simple justice. International trade is a game played on a sports field. If the field slopes in one direction, one team has an unfair advantage. The field is thought to be tilted, for example, by a state that provides a subsidy to an industry, allowing it to reduce the price of its exports. Since states can't change ends every quarter the solution is to do away with these subsidies.

In practice

'Subsidies' are very broadly defined to include things like regional development programmes, generous unemployment insurance benefits and even publicly-funded health care. Trading partners can argue that because these benefits are provided by the state, employers receive a hidden subsidy. To level the field these programmes must be bulldozed.



Money markets

In theory

During the 1980s advances in telecommunications coupled with extensive deregulation created a seamless international web through which money flows at the touch of a computer key. This high-tech global finance system allows investors instant access to the best investments. An unregulated marketplace allows each nation to develop its competitive advantage and provides the Third World with the investment it needs to develop.

In practice

By some estimates nearly a trillion dollars now changes hands every day on the foreign-exchange markets. The hands remain the same but they control more and more of the world's resources. The globalized market is highly volatile; national governments have lost much of their ability to control it. Unable to meet social demands they become prey to disorder as people look to their ethnic, religious or regional group for the protection the state once provided. In this sense globalized money markets contribute more to global fracturing than to integration.

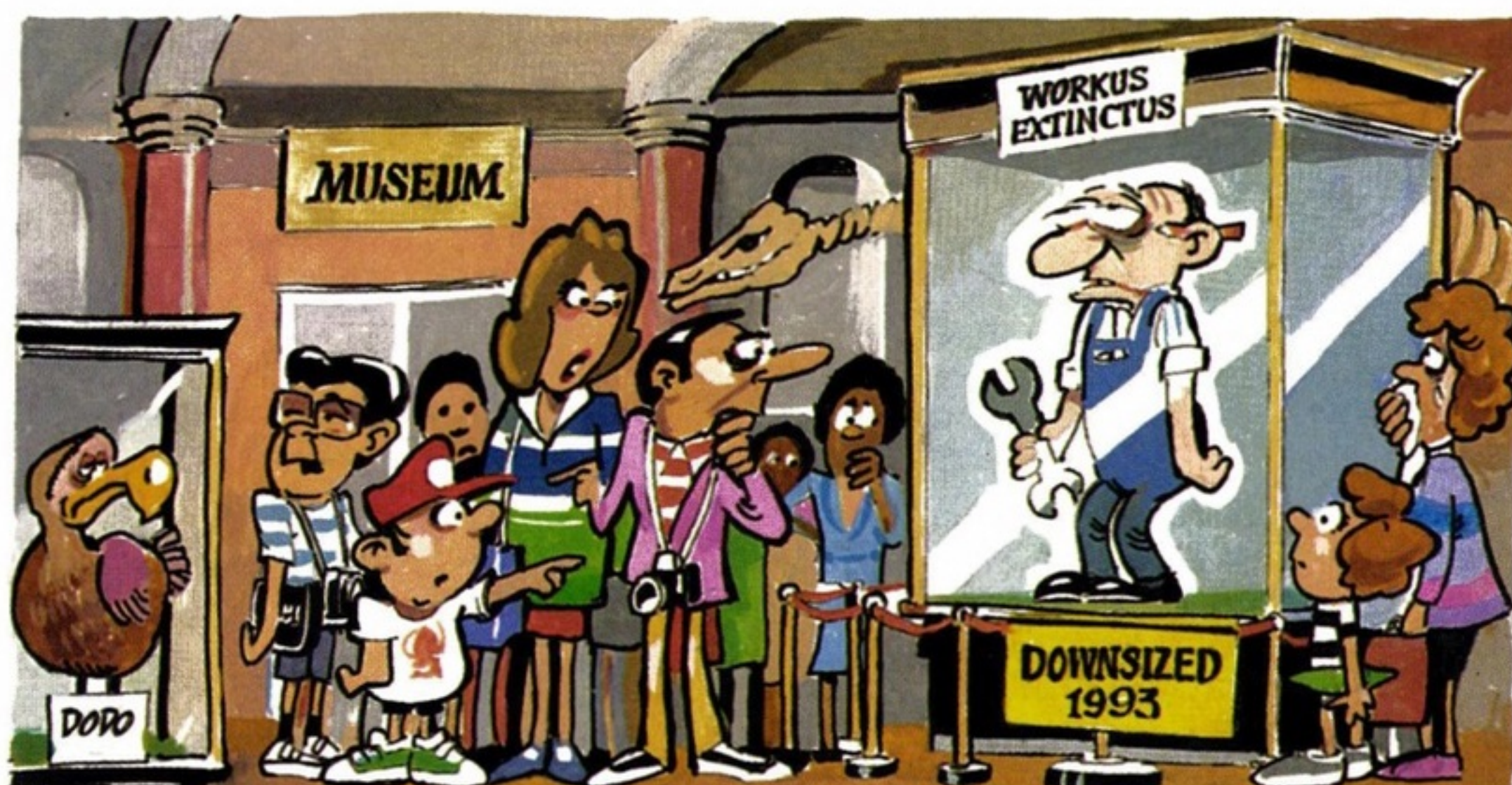
Downsizing

In theory

In the weight-conscious West employers speak of shedding well-paid unionized jobs the way dieters speak of losing unwanted pounds. By 'downsizing' (making production 'leaner' and 'more efficient') companies are supposed to be getting smarter. They use the latest technologies to keep their inventory as low as possible and increasingly depend on outside suppliers. Sometimes this is referred to as a 'creative web of corporations'.

In practice

Downsizing is simply another word for capitalism's drive to reduce labour costs. Computer inventories make worker layoffs and recalls more frequent. Companies now recall people on a temporary basis rather than lay them off on a temporary basis. Whether in Singapore or Silicon Valley, the web is repressive and low-paying, not creative. 'Downsizing' is an admission that economic growth and high unemployment can exist at the same time.



Total quality management

In theory

This is a management approach championed by Western business consultants who see it as the secret behind Japan's economic success – a shift away from scientific management ('Taylorism') which treated workers as mere automatons. Under TQM workers are treated as partners who are committed to the firm's quality. They are promised more autonomy and more variety in their work.

In practice

TQM and the variety of other names that it parades under – such as 'Quality of Working Life' – is designed not to enhance workplace democracy but to increase productivity and erode or eliminate unions. According to Japanese trade unionist Tsuzuku Ken, TQM has helped to pit workers against one another and ostracize dissidents. At Toshiba, he says: 'Workers are encouraged to inform against each other, and thus the entire workforce succumbs to the despotic rule of managerial authority.'



Structural adjustment programmes

In theory

Commonly called 'SAPs', these programmes imply working together with Third World countries to create economic structures which will help them regain control over their own communities. There may be 'structural' problems with their national economies now, but once they are 'adjusted' things will be a lot better.

In practice

Structural adjustment is neo-colonial rule imposed by international banks on behalf of Western and Japanese corporations. The plans demand reduced government services, lower taxes on high income earners, privatization of state-owned industries, increased agricultural exports and lower tariffs on imports. International Money Fund loans are withheld if a country does not accept the terms of these plans.

Deregulation

In theory

The movement to reduce government regulation hit full stride under Ronald Reagan and Margaret Thatcher. Reagan's treasury secretary William Simon claimed that 'regulation has slowly strangled key sectors of our economy'. Freed of Government red tape, industry was supposed to unleash a competitive frenzy of innovative high-quality goods.

In practice

We have seen the *Exxon Valdez* and the (appropriately named) *Spirit of Free Enterprise* disasters – there is no letup in the toll that industrial disease and accidents take every year. Deregulation of the airline industry led to an initial reduction in prices, but now the industry is in near-permanent crisis. Some airlines are so weighed down with debt that they have had to cut wages, lay off staff and scrimp on safety to stay aloft. In other cases airlines have gained near complete control of certain routes and can literally charge what the traffic will bear.



Deficit reduction

In theory

The Third World has SAPs, the West has 'deficit reduction'. Editorial cartoonists traditionally depict the national deficit as a malevolent octopus, threatening to crush taxpayers so impoverished that they have been reduced to wearing barrels. Because of the spendthrift ways of past liberal governments, we are told, all governments must decrease their levels of social spending.

In practice

The deficits of most Western governments are the legacy of punitive interest-rate policies rather than government spending. Interest rates are hiked to dampen demand and lower inflation. As a result currency values fall and overall debt payments increase. Cutting back government spending rarely does much to decrease the deficit since it weakens consumer confidence and increases demand for social services. Cutting government spending also creates a 'social deficit' as it reduces educational, social and health services; and an 'infrastructure deficit' as highways, schools and airports crumble.

The green machine

Legions of lobbyists, public relations experts and slick marketing specialists are out to prove that corporations are the real friends of the earth. Andre Carothers reports on the greening of the boardroom.

MORE than a year before last June's United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro, the conference chairperson Maurice Strong appointed Swiss billionaire Stephan Schmidheiny to marshal the international business community's perspective on global environmentalism. Schmidheiny formed the Business Council on Sustainable Development, which in turn hired Burson-Marsteller, the world's largest public relations firm.

Burson-Marsteller, with 56 offices in 28 countries, is the king of global public relations firms. The company has had an excellent track record protecting the reputations of its corporate clients. Babcock and Wilcox, a major manufacturer of nuclear power plants,

used the firm to restore its reputation after the infamous Three Mile Island disaster. AH Robins (purveyor of the occasionally fatal Dalkon Shield birth control device) employed the firm to handle its credibility gap. Burson-Marsteller was likewise at the side of Exxon after the Exxon Valdez Alaskan oil spill and in Bhopal with Union Carbide. And the public relations firm has advised various despots around the world when they were in need of a public facelift, including Romania's Nicolai Ceausescu and Argentina's former military regime. Recently Burson-Marsteller has been spearheading Mexico's campaign to persuade the US Congress to approve the North American

Free Trade Agreement.

For the multinational front-group at the grandly-titled Earth Summit in Rio, Burson-Marsteller's job was to make sure the corporate viewpoint was well-stated and well-received. As a coalition of some 50 multinationals (including some of the worst polluters on the planet) the Business Council on Sustainable Development's goals were predictable: 'voluntary' rather than legislated reduction in toxic emissions, the right to corporate privacy and

Touch the earth: UN Environment Conference Chairperson Maurice Strong and others put on a show for the press at a temporary 'indigenous village' in Rio.



wholesale support for 'free trade' as the key to planetary prosperity and environmental protection.

Not surprisingly the results of the conference were largely favourable to business. The UN had directed the meeting to produce 'specific agreements and commitments by governments for defined activities to deal with major environmental issues'. Instead it produced watered-down platitudes.

Of eight 'potential outputs' listed by Maurice Strong none was accomplished. The UN initially calculated that \$600 billion would be needed by the less-industrialized world. Months before the conference Strong suggested that \$100 billion was an appropriate commitment. He subsequently backed off to \$10 billion. By the end of the conference barely \$2.5 billion had been pledged.

The Biodiversity Treaty was shelved at the urging of the US biotech industry. Specific proposals supported by the South and by environmental groups were defeated. These included a call for 'effective monitoring, enforcement and imposition of penalties' for the illegal transport of hazardous waste. All references to over-consumption by the rich nations were removed, as was any mention of specific schedules for reducing carbon dioxide emissions. Even discussions about disarmament were shunned.

Faced with stiff opposition from the US and Europe, the UN Center on Transnational Corporations was unable to inject wording on corporate conduct into the conference declarations. Finally, over the objections of all the environmental groups in attendance, the conference endorsed the Uruguay Round of the General Agreement on Tariffs and Trade negotiations, effectively putting the Earth Summit's imprimatur on the corporate goal of free trade.

It is difficult to say whether it was public relations or private arm-twisting that swayed the outcome of UNCED. There was plenty of both. Some 60 business lobbyists registered at the preparatory meeting in New York along with 18 trade associations and 25 major corporations. The Global Climate Coalition, a group of oil and coal companies, sent a delegation, as did the Climate Council, headed by former Reagan administration official Donald Pearlman. Pearlman went on to Rio, snagging a coveted room in the hotel where the US delegation was staying. According to Environmental Defense Fund staffer Michael Oppenheimer, Pearlman had unique access to the US delegation 'beyond anything the environmentalists could manage'.

Outside of events like Rio, the influence of multinationals is more diffuse – though equally effective. Running for office in the US costs anywhere from \$5 million to \$100 million and most of that money

comes from corporate political action committees. Some 70 per cent of the contributions to the two political parties comes from corporations. There are 40,000 registered corporate lobbyists in Washington, many of them former administration officials with close ties to Capitol Hill.

Special interests usually form lobby groups to influence environmental policy, using innocuous names such as the National Wetlands Coalition, the Alliance for a Responsible CFC Policy (a front

group for Du Pont) or the National Wildlife Coalition (an industry group that advocates opening up public lands to mining and oil exploration). Often the brainchild of a public relations firm, these lobbying coalitions marshal letter-writing campaigns and congressional visits complete with aggrieved 'citizens' spouting ghost-written testimony. The Coalition for Vehicle Choice, created by a public relations firm and funded by General Motors, Ford and Chrysler to combat fuel efficiency standards, spent \$10

Target practice

The UN has finally closed down its Centre on Transnational Corporations. A former staff member asks who killed it and why?

In the early 1970s multinationals were attacked as agents of Western imperialism, bleeding the Third World's wealth. When the US corporation ITT was implicated in the 1973 coup in Chile the allegations gained substance. It was in that atmosphere that the international community came up with the idea of setting rules for corporate behaviour.

The UN responded by creating the Centre on Transnational Corporations (UNCTC), a research group based in New York. The Centre's small staff of 35 was to follow principles set by the UN's Commission on Transnational Corporations; to maximize the contribution of multinationals to development and to provide technical assistance to developing countries on foreign investment issues. But the issue that caused hearts to flutter in corporate boardrooms was talk of an 'international code of conduct' for multinationals. The idea that corporations should be responsible to anyone other than their own stockholders was anathema.

From the start, the Centre was criticized by business and treated as far more powerful than it really was. The International Chamber of Commerce – a high-powered corporate lobby-group – denounced anything the Centre published if specific multinationals were named. When Ronald Reagan came to power the UNCTC was attacked by the ultra-conservative Heritage Foundation.

The 'sins' of the Centre included helping a few Third World governments work out *non-binding* principles for foreign investment, and documenting the investment of foreign firms in Southern Africa. The Centre did little more than suggest that multinationals were a legitimate subject for international consideration – not exactly earth-shattering stuff. But even that proved too threatening.

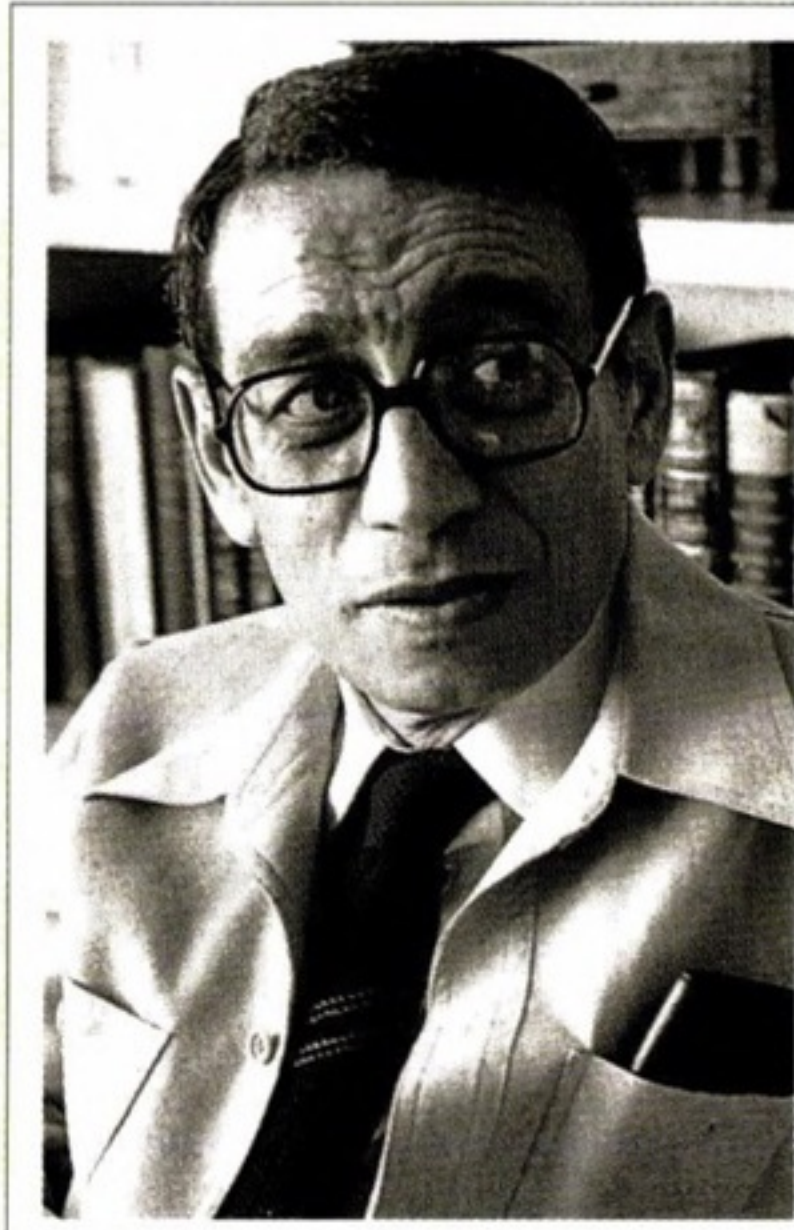
In 1992, after years of sniping, the attacks succeeded. UN Secretary-General Boutros Boutros-Ghali reduced the Centre's stature by merging it into a new mega-department. Then the President of the General Assembly announced that the attempt to draft a much-feared 'code of conduct' for multinationals was dead. Finally, in the Spring of this year, the UNCTC was quietly put down.

Working at the Centre through all this was not easy. The mood alternated between intense aggravation and excruciating boredom. The message from the top was that appearance of organizational change was more important than the actual work. Most staff effectively stopped working during the final four months. Some felt constant reorganizations were designed to paralyse the UN's work on social and economic issues, just as the Heritage Foundation wished.

But the heart of the issue is that multinationals

fear even the semblance of public scrutiny. They shun any serious discussion of critical issues: their global market dominance, price fixing practices in small countries, wage cuts and job losses in the Third World, huge commercial debt repayments, and other 'negative' matters. A peak of absurdity was reached at the final preparations for the Earth Summit when there was heavy lobbying to remove the term 'transnational corporations' from the draft text of *Agenda 21*.

But removing words does not remove the problems. The three biggest – Third World debt, environmental destruction and the need for millions of new jobs – cannot be addressed without understanding how multinationals operate. Governments and citizens need to know what transnationals are doing, within a legal framework that holds them accountable. In reality we're less close to this goal than ever.



United Nations Secretary General Boutros Boutros-Ghali

INGE MORATH / MAGNUM

LEFT: RICARDO FUNARI / IMPACT VISUALS

million to lobby Congress, producing print advertisements and video commercials arguing that fuel efficiency means small cars and small cars mean more traffic fatalities.

In most Western nations the media rule public perceptions – and the corporations rule the media. In the US they spend \$1 billion a year on advertising, giving them considerable influence over what is published and broadcast. In a 1992 survey of 150 newspaper editors conducted by Marquette University, 90 per cent of editors said they received interference from advertisers, an equal number said that advertisers had withdrawn as a result of a story and nearly 40 per cent admitted that advertisers had succeeded in influencing a story.

A dozen corporations control half the US daily newspaper circulation. Of 11,000 major US magazines half-a-dozen corporations get most of the revenue. Three corporations have most of the audience and revenues of the four US television networks and 900 commercial stations. Ford and General Motors were able to alter the text of a skit on the popular TV show *Saturday Night Live* when they found out it poked fun at layoffs in the auto industry. When a public interest group aired an advertisement on a Boston TV station linking the coffee company Folgers with repression in Central America, Folgers yanked all advertising from the station, forcing it to apologize.

Corporate influence over public perception can be traced to the corporate leaders who shuffle between business and government. The boards of the major multinationals headquartered in the US are crammed with government officials, media moguls and like-minded Chief Executive Officers, forming a near-seamless continuum of mutual interest and shared perceptions.

The vice-president of Hill and Knowlton, one of Burson-Marsteller's main rivals, was a general policy adviser to President Bill Clinton. Vernon Jordan, Clinton's transition chairman, sits on the boards of Union Carbide, Xerox, RJR Nabisco, American Express, Dow Jones and six other corporations. Secretary of State Warren Christopher's former firm, O'Melveny and Myers, defended Exxon against lawsuits stemming from the Exxon Valdez disaster.

As business critic Graef Crystal puts it, corporate boards in the United States consist of 'ten friends of management, a woman and a black'. Given the corporate world's efforts at 'greenwash' he could easily have added 'an environmentalist' to the list. ■

Andre Carothers is the former editor of *Greenpeace Magazine* and is now a freelance journalist in Washington, DC.



Selling dreams

Consumer culture has erupted in Eastern Europe. Phil Weller wonders how the region will cope with the onslaught.

THE familiar logos of Western corporations are plastered everywhere along the streets of Budapest, Prague and other Central European cities.

Further east, in the Ukraine, billboards abound explaining the virtues of Sony, Honda, Pepsi and Coca-Cola and the joys of smoking Marlboro. Even in isolated villages the logos of multinationals are common. A recent drive through Miskolc in north-east Hungary revealed a spanking new McDonald's, complete with an

American-style 'drive thru' sales window.

'We can get all kinds of Western goods and products,' says Romanian environmentalist Bogdan Paranciu. According to business leaders and analysts the invasion of consumer values has barely started.

But even before the changes of 1989 people in the former Soviet bloc were desperate to get hold of Western consumer products. Their own ordinary household goods were both shoddy and in short supply.



An early outpost of shopping à la Cartier in Budapest and (below) a less tasteful approach.

For Eastern European environmentalists, who had played an important part in the regional revolutions, the prospects of Western corporate investment were both welcome and worrisome. Western technology was needed to clean up and modernize polluting factories. But environmentalists worried about an explosion of garbage, the last thing they needed in their pollution-ravaged countries.

'When the wall came down in East Germany, the amount of garbage from

packaging literally doubled overnight,' says Dan Swartz, a waste consultant living in Budapest. A 1993 forecast for the packaging industry in Eastern Europe predicted a growth rate three times higher than in Western Europe. Jean Louis Vuille, managing director of the Hungarian operations of the worldwide packaging giant Tetra Pak, says his company's joint venture is 'attempting to produce modern packaging to satisfy the needs of the consumer and to accompany our Hungarian partners on

the road to the twenty-first century'.

Fine sentiments. But according to Swartz the first thing local municipalities now complain about is the mountains of garbage that are quickly piling up everywhere. Besides simple waste the profusion of consumer goods has created other problems. Big investments in car factories have begun to undermine existing energy efficient public transport systems. And Western packaged foods are destroying local food producers. 'Now we can buy French cheese and milk but our farmers cannot sell their products,' laments Hungarian Erzsebet Gergely.

The leaders of the corporate assault on the East have been the auto, cigarette, and food and beverage companies. Car and cigarette companies in particular are aggressively promoting their products through 'lifestyle' ads, an age-old technique which equates wealth and status with the product. Many of the advertisements are in English which enforces the product's Western origin. A General Motors billboard in Hungary describes 'The Dream Machine' and a nearby cigarette advertisement invites smokers to 'Taste the West'.

Although Western products are everywhere in Eastern Europe, unease about government red tape and uncertainty about political stability have combined to hold back massive new investment by foreign corporations. So far the lion's share has been in the import/export sector, bringing in goods from Europe and America. A recent walk through a Ukraine department store revealed customers crowded around sales counters stocked full with imported Barbie dolls and Lego.

Local companies have also been hit by Western imports. Says Romanian activist Bogdan Paranci: 'Television and computer manufacturing companies here were destroyed after the revolution when Western products with no duties or taxes were imported.' Now, he says, they control the market and are raising their prices.

According to Polish economist Grzegorz Peszko, Western multinationals in the former Soviet bloc see an opportunity to flood the market with surplus, inferior goods and technically outdated equipment in exchange for access to cheap natural resources.

The old styrofoam packages phased out by McDonalds in North America are a case in point. They now can be found covering a Big Mac in downtown Budapest. 'They simply shipped the old cartons over here,' says Dan Swartz. For the moment, at least, it appears there's a new twist to the old maxim: what's good for the corporation is good for the nation.

Phil Weller works with the Austrian environmental group Global 2000.

ABBAS / MAGNUM, TRYGVE BOLSTAD / PANOS PICTURES

THE BIG PLAYERS

- The combined sales of the world's largest 350 multinationals total nearly one third of the combined gross national products of all industrialized countries and exceed the individual gross national products of all Third World countries.
- More than 90% of all multinationals are headquartered in the industrial world. France, Germany, Japan, the UK and the US account for 70% of all foreign investment by multinationals and about half their total number.¹
- The largest multinationals operate in dozens of countries and employ thousands of employees. PepsiCo, the world's biggest beverage company, has more than 500 plants and 335,000 workers in over 100 countries. Nestlé, the giant Swiss food manufacturer, operates in 126 countries with more than 200,000 employees.

Biggest companies in the world ranked by industry (1991).²

Industry	Company	Country	Company Sales (\$ billions)
Aerospace	Boeing	US	29.3
Apparel	Levi Strauss	US	4.9
Beverages	PepsiCo	US	19.7
Building materials	Saint-Gobain	France	13.3
Chemicals	El du Pont	US	38.0
Computers, office equipment	IBM	US	65.3
Electronics	General Electric	US	60.2
Food	Philip Morris	US	48.1
Forest products	International Paper	US	12.7
Industrial/farm equipment	Asea Brown Boveri	Switzerland	28.8
Mining/crude-oil	Ruhrkohle	Germany	14.9
Motor vehicles/parts	General Motors	US	123.7
Petroleum refining	Royal Dutch/Shell	UK/Netherlands	103.8
Pharmaceuticals	Johnson & Johnson	US	12.4
Publishing/printing	Bertelsmann	Germany	9.1
Rubber/plastic goods	Bridgestone	Japan	13.2
Scientific/photo equipment	Eastman Kodak	US	19.6
Soaps/cosmetics	Procter & Gamble	US	27.4
Tobacco	RJR Nabisco	US	14.9
Toys/sporting goods	Yamaha	Japan	3.6

HOT MONEY



• Investment brokers, mutual funds, managers and multinational banks now control the fate of nations. National currencies rise and fall according to how closely governments tailor their economic policies to the interests of corporations.

• Every day nearly \$1 trillion-worth of currencies is traded on world financial markets without any regulation. Huge flows of speculative capital wash around the world as central banks vie with each other, increasing interest rates to stem the outflow of capital.³

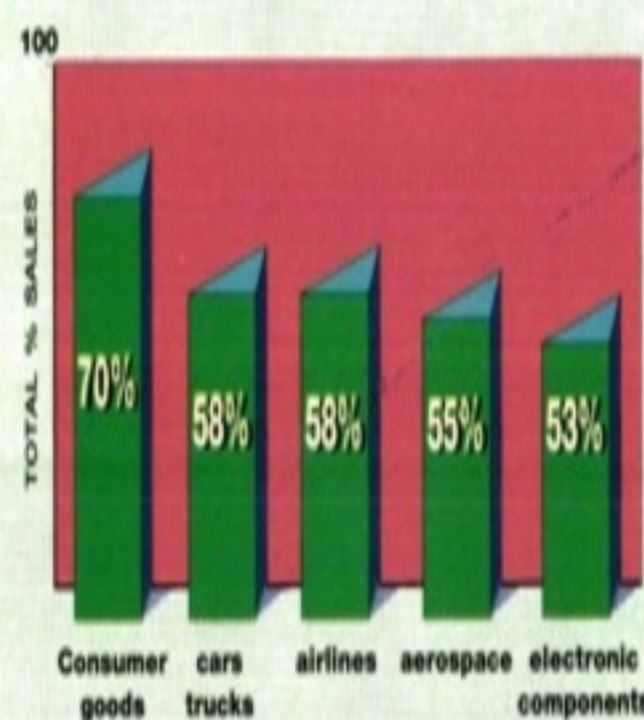
MORE PLAYERS, FEWER WINNERS

• There are now 35,000 multinationals with some 150,000 foreign affiliates. The largest 100 manufacturing and service companies accounted for \$3.1 trillion of world assets in 1990; about \$1.2 trillion of that was outside the multinationals' home countries.⁴

• Multinationals control 70% of world trade; much of that is inter-firm trade, ie between branches owned by the same parent firm.

• Although the total number of multinationals is increasing, a small number of companies continue to dominate most major areas. The top five companies typically account for 35-70% of total sales across a range of industries.

Top five multinationals as percentage of worldwide sales by sector, 1992⁵



Today's giant global corporations have integrated production, sales, research, marketing and finance on a world scale. The clout of these private economic fiefdoms is so great they threaten the sovereignty of independent governments. New moves to dismantle global trade barriers will only add to their power.

'TRANSNATIONALS' OR 'MULTINATIONALS'

The two terms are used interchangeably. 'Transnationals' (TNCs) is more precise, but 'multinationals' is in more common usage. The UN defines these companies as 'associations which possess and control means of production or services outside the country in which they were established'. Although they may operate in dozens of countries, hiring workers and managers of all nationalities, most are firmly controlled from their national base.

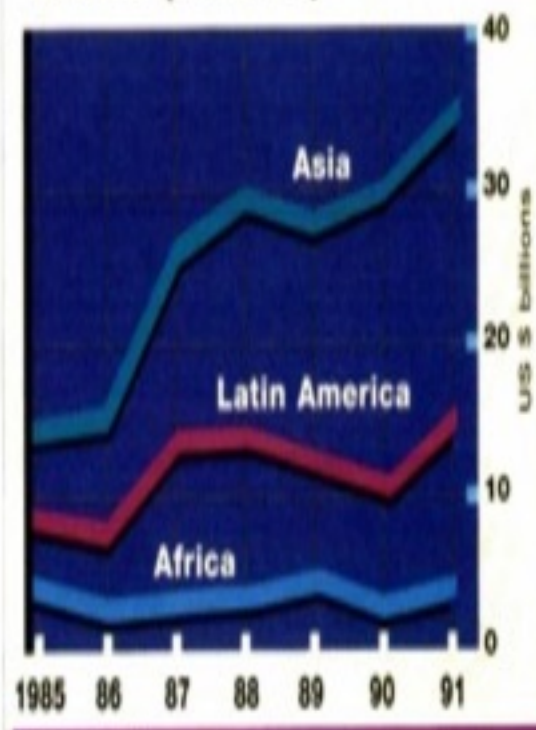


THIRD WORLD BARGAINS

• Western corporations have expanded investment in the Third World over the last few years as poor countries relaxed foreign investment restrictions. In 1991 nearly 30 countries made it easier for multinationals to invest and corporate investment jumped from 19% of total foreign investment in 1990 to 30% in 1992.⁶

• As part of 'structural adjustment' programmes, Third World nations have been forced by the International Monetary Fund and World Bank to sell off state-owned enterprises at bargain-basement prices. In 1990 more than 70 countries had privatization programmes in place and sold state firms worth \$185 billion.⁷

Investment by multinational corporations in developing nations (1985-91)⁸



MERGER MANIA

• The 1980s was a decade of corporate cannibalism as companies sought to buy out or build strategic alliances with competitors.



• Nearly \$1.3 trillion was spent on corporate mergers in the 1980s, more than the annual economic output of the UK. About 90% of all mergers were between companies from the industrial world.

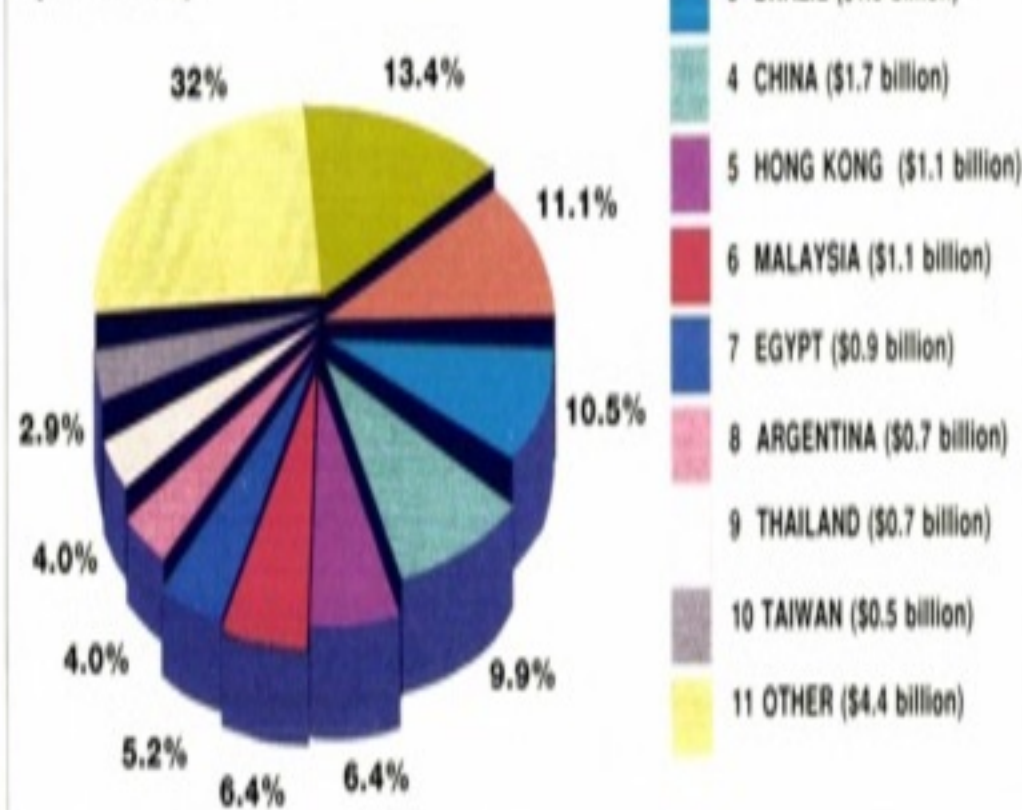
• The inter-relationships between corporations can be Byzantine. All major auto manufacturers now have alliances with competitors. Ford owns 25% of Mazda; Chrysler owns 24% of Mitsubishi; GM has joint ventures with Toyota.⁹

PLAYING FAVOURITES

• Most corporate investment goes to the rich world. Of the \$150 billion of foreign direct investment in 1991, more than two thirds went to the industrialized nations.

• Of the investment that multinationals direct towards the Third World, nearly 70% ends up in just 10 countries, a select group of Asian and Latin American nations. Sub-Saharan Africa is almost totally ignored.¹⁰

Ten largest Third World recipients of investment by multinationals (1980-90)¹¹



¹ World Investment Report 1992, UN Centre on Transnational Corporations. ² 'The Global 500', Fortune, 27 July 1992. ³ North-South Institute Review, Autumn 1992. ⁴ The Economist, 27 March 1993. ⁵ The Nation, 8 March 1993.

UNTIL recently Canada had an approach to controlling drug prices that was unique in the West. The system, called 'compulsory licensing', allowed domestic companies to produce cheap, generic copies of brand-name drugs. Part of the requirement for obtaining a license was that the drug be manufactured in Canada.

The system worked reasonably well. And that was part of the problem, as far as the foreign-owned multinationals were concerned. The generic drug industry increased competition and lowered prices for consumers and tax-payers. Compulsory-licensed generics cost, on average, 30-40 per cent less than brand-name drugs. In addition, compulsory licensing allowed the government to keep a lid on drug costs, vital if the state-run medical system is to survive.

Now after the largest, most aggressive lobbying spectacle in the country's history, Canada has gone from having some of the most affordable drug prices in the industrial world to the most costly. The windfall profits that the multinationals will soon be harvesting will amount to millions of dollars yearly – money that goes directly out of the pockets of Canadian consumers, tax-payers and health insurers, into the salaries of drug company executives and stock dividends.

So how did this happen? There's no question the drug companies have enormous financial clout. In fact, they're one of the most profitable industries in the world. In 1990 American-based drug companies showed profits of 15.5 per cent on sales, compared with an average 4.6 per cent for other major industries. In the same year, a *Standard and Poor* survey found that a quarter of the 20 highest-paid executives in America work for multinational drug corporations, earning between \$5.8 and \$8.4 million a year.

The multinational drug industry also has friends in the right places. In Canada their main lobby group, the Pharmaceutical Manufacturers' Association of Canada (PMAC), is run by former Tory Cabinet member Judy Erola. Ms Erola was the Minister of Consumer and Corporate Affairs in 1984 when much of the legislation favorable to foreign drug companies was first introduced.

The industry's opposition to compulsory licensing was about more than profits – by 1983 the major drug manufacturers had given up only three per cent of the Canadian market to licensed generics. More important was the fear that Canada might be setting an example to the rest of the world – particularly the Third World – on how to control drug costs through an open market of generic competition.

Patents and profits

*It's
not just in
the Third World
that big corporations man-
ipulate weak governments. After
more than a decade of lobbying,
the multinational drug companies
have just won a major victory
in Canada. Roxanne
Snider tells us how
they did
it.*

'Countries like Mexico, India and Brazil have potentially huge markets for pharmaceuticals,' says Toronto doctor and industry watchdog Joel Lexchin. 'Most of these nations had very weak patent laws and the multinationals knew changes in Canada would make it easier to bring others into line.'

The Canadian laws were first changed in 1987 when the multinationals were

given a seven-to ten-year monopoly on patents. With patent protection smaller domestic companies were cut out of the market, forbidden from producing a cheaper generic version until the patent expired. Still not satisfied, the PMAC pushed for a further extension. In early 1993 they finally won, retroactively eliminating compulsory licensing and gaining a full 20 years of competition-free market monopoly – exactly the same conditions as in the US.

The lesson here seems to be that if you want to make trade agreements with the US, you have to be willing to bring laws in line with theirs. In the mid-1980s, when the multinationals first began to agitate, Canada was just beginning to talk with the US about a free-trade agreement. President Reagan's top trade advisor at the time was Edward Pratt, chairman of Pfizer, one of the giants of the US drug industry. Pratt pushed the patent issue to the top of the trade agenda. When Brian Mulroney's Conservatives were elected in 1984 the stage was loaded with politicians eager to make the world a more profitable place for big business.

The fact that Canada initially changed its drug patent protection laws to smooth the way for 'free trade' was never publicly acknowledged. By the time patent protection was extended to 20 years in February 1993, Canadian Trade Minister Michael Wilson claimed the changes were inevitable – to bring Canada into line with the GATT (General Agreement on Tariffs and Trade) and NAFTA (the new North America Free Trade Agreement involving Canada, the US and Mexico). The question remains why Mulroney and Wilson were so eager to fulfil a treaty that had yet to be ratified – at the time of writing it's still held up in the US Congress.

Critics like JG Castel of the Osgoode Hall Law School in Toronto argue that Canada was not obliged, under NAFTA, to eliminate compulsory licensing. But the problem for Canadians is that once compulsory licensing becomes locked in under NAFTA no future Canadian government can rewrite or abolish the laws, regardless of how ill-conceived they may prove to be.

Critics also point out that the multinationals will make windfall profits as a result of extended patent protection. Consider the case of the brand-name drug Vasotec. It is estimated that without the cheaper generic – Enalapril – the added cost to Canadians will average \$50 million annually 'til the patent expires in 2008. Vasotec is made by Merck-Frosst, who stand to make nearly \$1.4 billion in extra profits as a result of the recent legislation. 'We call it the Merck-Frosst bill,' says Opposition spokesman John

MULTINATIONALS

POWER AND INFLUENCE



Harding. 'Because they're the ones who have been driving this thing all along.'

According to Harding the lobbying pressure from the companies was intense. 'When we got close to the final vote,' says Harding, 'we were offered baseball tickets, invites to expensive restaurants, promises of research and development grants for the university in my riding. The PMAC hired practically every lobby firm in Ottawa. The message we got was: "Whatever you want, you can have".'

The companies made lots of promises, none of which was written into the legislation: 3,000 new jobs in research and development (R&D) were promised by 1995. And total spending on R&D in Canada was to double. In 1992 a confidential government report found that just over 1,000 jobs had been created since the initial 1987

changes: half were in sales and marketing and only a quarter in R&D. More than two thirds of this new R&D was in clinical research – testing drugs that were researched and developed elsewhere. This kind of research has to be done anyway before a new drug is launched in Canada, regardless of patent length.

The multinationals claim that since they do the lion's share of the research needed to develop new drugs they deserve longer patents and larger profits. In fact the drug industry spends nearly a quarter of its budget on marketing and promotion and only 13 per cent on R&D.

In addition, very few new, patented drugs are really 'new' in anything but name. In 1991 Canada's Patented Medicine Prices Review Board found that only five of the ninety four new drugs sold that year

were substantial improvements over existing therapies. The majority of new patents are issued for 'me-too' drugs – copies of an existing drug, with one new patentable characteristic.

'It's a kind of "molecular roulette",' explains economics professor Robert Kerton, a longtime observer of the drug industry. 'Each company tries to develop a patented "copycat" of a successful drug. Firms spend millions of dollars on marketing, then recover these costs through higher prices. The patent system shifts research and development towards commercializing those ideas which are patentable, and away from worthwhile ideas which would not, by their nature, be patentable. At the same time, it tips the rewards system away from basic research.'

The sellout of the generic drug industry to the multinationals will cost Canadians dearly. At the moment drugs are the fastest-rising cost-factor in health care in the country: with a demographic bulge of baby-boomers headed for old age, this trend can only intensify. According to a 1992 report by Green Shield (a nonprofit health insurer) the average drug-claim costs rose by 53 per cent from 1987 (when 10-year patents were introduced) to 1991. The total cost to Canada over the next 20 years could be as high as \$7 billion – a stiff price to pay for the promised \$500 million in new R&D investment.

The changes in the Canadian drug patent laws have already rippled out to the Third World. India has given similar concessions. Mexico, as a result of trade talks with the US in 1990-91, went from having no patent protection for brand-name drugs to the full 20-year US standard.

Ironically, the changes have had an impact in the US too. Canada's socialized health-care system has been lauded by American liberals as a possible model for changes to the current US free-market system. Americans are looking at ways of controlling drug prices and realizing that reducing patent terms and compulsory licensing are as good a bet as any. The fact that Canada capitulated to the multinationals and that the new provisions may be enshrined in NAFTA is a worry for many.

Democratic Senator David Pryor is concerned the precedent 'may tie our hands in using pharmaceutical patents as a mechanism to contain drug costs'. And US Congressman Pete Stark also believes the Conservative government in Ottawa gave away the store. 'One would think Canadians would be smart enough to demand a renegotiation of this provision.'

Well, think again. ■

Roxanne Snider is a freelance writer based in Toronto. She last wrote for NI in our February, 1993 issue.

PHILIPPE SION / THE IMAGE BANK

Simply...Tower of power

The corporate world is fortified by a complex web of factories, workers, machinery and money – all dedicated to producing a return on the investment of owners and stock-holders. To reach that goal all corporations share similar values and follow similar rules.

Rule 1

Make a buck

Corporations define success in two fundamental ways: by the growth of assets and the rate of profit. These two goals take precedence over concerns of the community or nation in which the corporation does business. There is a strong tension between the corporation's desire for profits and the demands of workers for a decent living wage. The growth imperative also spurs the relentless consumption of finite natural resources. There is a clear and growing gap between the needs of private corporations for economic growth and the planet's need for environmental stewardship.

Rule 2

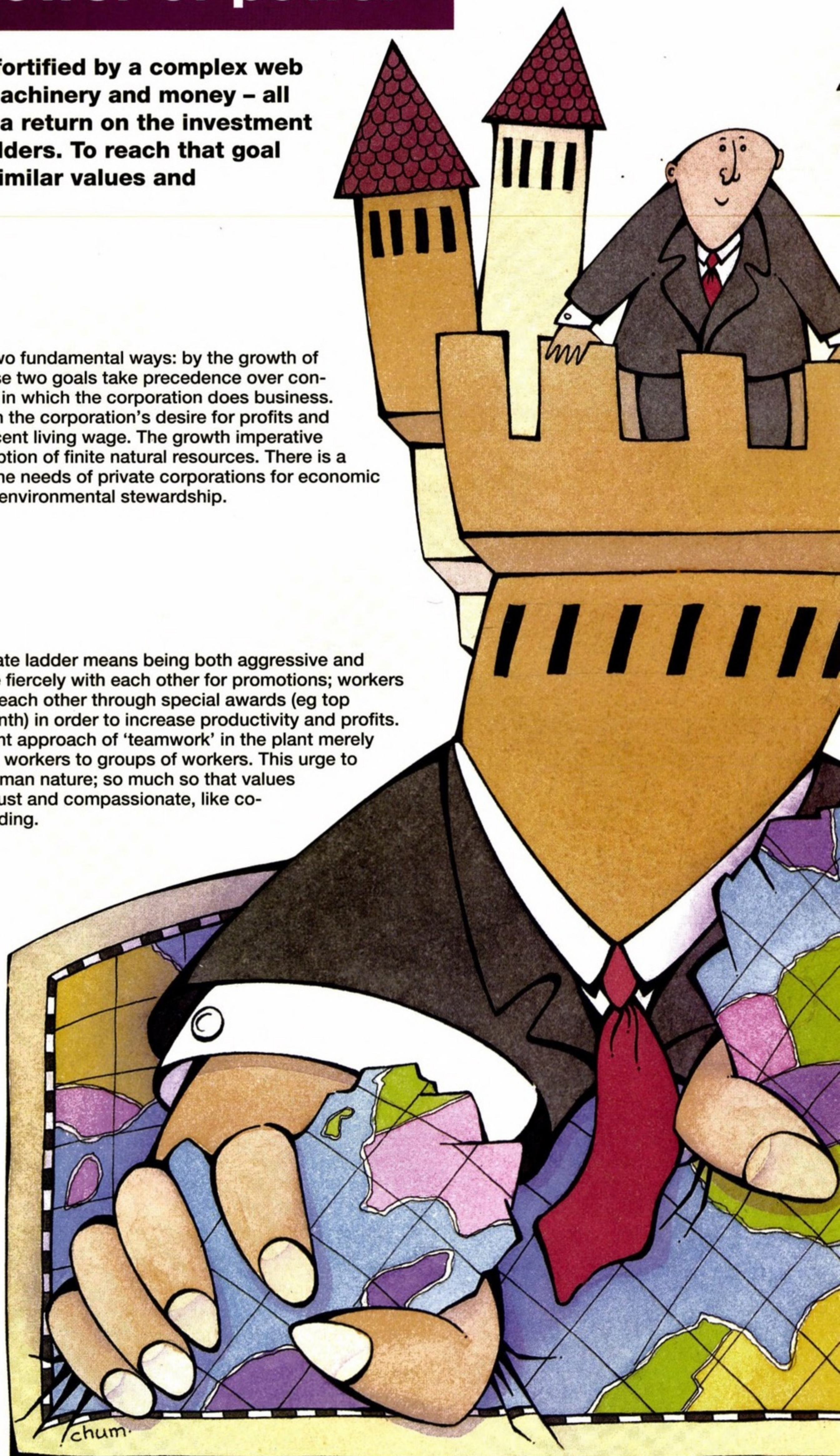
Be aggressive

Successfully climbing the corporate ladder means being both aggressive and competitive. Colleagues compete fiercely with each other for promotions; workers are encouraged to compete with each other through special awards (eg top assembly-line operator of the month) in order to increase productivity and profits. The Japanese labour-management approach of 'teamwork' in the plant merely shifts competition from individual workers to groups of workers. This urge to compete is now seen as basic human nature; so much so that values needed to make the world more just and compassionate, like co-operation and sharing, are fast fading.

Rule 3

Look after number one

Decision-making within a corporation is ruled by the bottom line. In practice this means the interests of the corporation and the interests of the community only overlap when it serves the corporation's purpose. A company may sponsor a baseball team, donate money to a hospital or underwrite a community orchestra. But corporate altruism is usually more public relations than community spirit. The fight to make corporations socially responsible will always be an uphill battle since corporations are inherently selfish. Their essential responsibility is to their own financial survival, not to the welfare of the public.



Rule 4

Follow orders

The organizational structure of the corporate world is based on a strict pecking-order. There is a hierarchy of command and control that extends from the Board of Directors and Chief Executive Officer at the top to the lowliest workers at the bottom. Your place in the pecking-order determines your power, your rewards and your privileges. Orders flow from the top down as they do in other large institutions that use a strict hierarchy – like the military and the government. Notions of hierarchy and status within the corporate world tend to reinforce the idea that inequality and conformity are natural: the world is made of leaders and followers and there is little we can do to change this fact of life.

Rule 6

Join the crowd

Corporations view the world as one big market; social relationships are defined in terms of buying and selling and human activity is seen as a straightforward battle to gain advantage over your neighbour. The result of this market vision is that human happiness and satisfaction are defined in terms of what we buy. Multinational corporations have been remarkably successful in spreading their attitudes and values around the globe. Television, advertising and films carry the corporate market view everywhere, steamrolling local culture in the process. This growing homogenization destroys opposition to the 'consumer society', obliterates cultural diversity and accelerates the destruction of natural resources.

Rule 5

Embrace technology

The modern corporation is both a creature and a captive of technology. Companies are engaged in a restless search for technological innovation in order to boost efficiency (ie to increase production with less labour and capital). The result is that all technologies are considered benign and objective. In fact modern technologies are biased towards the technocratic worldview that produces them. This is essentially a materialist view based on linear thinking and the tendency to segment and quantify problems. Because corporations are fascinated by technology they have a hard time dealing with non-material values. Old-growth forests are so many board-feet of lumber. Toxic wastes are subject to cost-benefit analysis. Workers fighting for improved working conditions are seen as threats to profitability.

Rule 7

Don't look back

Corporations have no allegiance to the present because they are riveted on the future and the need to grow. This consuming passion effectively removes them from the day-to-day concerns of the local community. With their eyes fixed firmly on tomorrow, corporations have little commitment to solving the mundane problems of everyday life. Staying flexible in order to be profitable means multinationals can and do pack up and move at the drop of a hat. Inside the corporation life is highly-structured and geared to the clock. Yet corporations can be strangely ephemeral. The future is possibility; the present merely a viewpoint; and the past irrelevant: this operating principle undercuts the search for social stability.

Rule 8

Neutralize nature

Despite the attempt by corporate management to jump on the environmental bandwagon, it's not easy for corporations to be green. That's because corporate activities and the natural world are fundamentally at odds. Manufacturing goods to be bought and sold in the marketplace is essentially a process of transforming raw materials extracted from nature into commodities. This exploitation of the environment is ingrained in corporate behaviour; even service and financial corporations depend indirectly on the conquest of nature. As consumerism spreads around the globe the search for raw materials accelerates and the ravaging of nature quickens. In an attempt to absorb criticism from environmentalists, multinationals have wrapped themselves in green. Yet any serious attempt to challenge the underlying consumerist credo is still dismissed as subversive – which in essence it is.

Adapted from *In the Absence of the Sacred*, (Chapter 7, 'Corporations as Machines') by Jerry Mander, Sierra Club Books, San Francisco, 1991.

Giants stalk, creation trembles

Kirkpatrick Sale interprets the 'gospel of globalism', the essential values underlying the frenzied drive towards a new world economy.

It is not so surprising that the global corporations that stand to benefit from it have spent so much time and money recently trumpeting the virtues of what is described as the 'transnational economy' of the twenty-first century. What's far more surprising is that they've been allowed to get away with it so neatly, without more than a choir-stall of voices raised – late and not always consistently – in dissent.

Of course it's true that the globalists have been able to develop a gospel full of such chapters and verse as 'efficiency', 'progress', 'individualism', 'productivity' and 'growth' – and those are hard canons to go up against. But a gospel, after all, is nothing more than a good story (Old English 'god' – good, plus 'spell' – tale). You would have thought that this late in the day – what with deconstructionism and all – no-one would be allowed to go around spinning their self-serving yarns without some sort of challenge.

Yet here we are with the global gospel everywhere triumphant. The new American President (insofar as he has any convictions of his own) is a proclaimed internationalist, as are his Secretaries of Treasury, Commerce and Energy. And the chief futurist on his new team, Labour Secretary Robert Reich, has been known primarily for his embrace of a global economy in which the US attracts multinational investment by specializing in high-tech/high-intellect production. The Uruguay round of GATT and the new North American Free Trade Agreement, after they go through some tinkering to

satisfy a few protectionist types, will ratify the globalism of the industrial world. And the World Bank, IMF, Group of Seven, the European Economic Union and the newly Western-bought UN are in place to guide and protect it. No government anywhere seems inclined to try to halt this economic juggernaut.

And a juggernaut it is: in truth, a Second Industrial Revolution at work. 'Broad, global forces for change,' in the words of historian Paul Kennedy, 'are bearing down upon humankind in both rich and poor societies alike.' These include, he says, sweeping technological changes in production and marketing, a 24-hour-a-day worldwide financial trading system, an unfettered relocation of factories and trading of products across national borders. 'Every country is challenged by these global forces for change,' he says. Most of

them, especially in the South, will fail to meet that challenge.

Well, if things are bearing down on us like that, I think it behoves us to take some account of the gospel they are riding on and the values – so deeply held that they are not usually even perceived as arguable – behind it. Because, you see, if those values are allowed to go unchallenged and unaltered, and the gospel of globalism does indeed triumph, the result cannot be anything but the increasing impoverishment of the South, dangerous economic and political distortions for the North and environmental ruination of the greater part of the earth.

In one sense the values of globalism are just the values of modernism – the overarching ideology of industrial capitalism – writ large. And we needn't slog through all of that familiar and





drummed-in litany. There are four key values, however, so important to the emerging global order and so vulnerable to examination, that they deserve some scrutiny.

- *Monoculturalism* – The idea that the world is a single, interdependent market lies behind the commitment to free trade and what the Chief Executive Officer of United Technologies calls ‘a worldwide business environment unfettered by government interference’. In this industrial monoculture factories and people, like parts, are interchangeable, and ‘Coca-Colonization’ extends to every corner of the globe.

The first victims are of course the familiar nation states, whose borders and governments are now impediments – as much in the North where administrations are seduced or bought, as in the South where they are subverted or controlled. Thus over the last decade we have seen the disintegration of national governments in Eurasia, the total collapse of central authority in a variety of states and a hell-bent drive to join in the capitalist game from China and Vietnam to Poland and East Germany.

But monoculturalism won’t stop there. Its need, which has always been the need of industrial capital, is to destroy regional identities, indigenous cultures and even stable communities. Traditions rooted there – self-sufficiency, sustainability, handicrafts, ‘enoughness’ – the market system must eliminate for its success.

- *Technophilia* – What was once a simple drive to replace human work by mechanical work has become a near obsession in our machine-dominated society. It is not merely that the globalists have machines that can slosh billions of dollars around the world instantly at the press of a key, or can alter equally genes or ecosystems or atmospheric layers. What’s critical is that their perspectives must succumb to the patterns

set by these machines. Problems must be posed in ways that can be solved by them.

There's a lot of talk these days about the 'information age' and a 'post-industrial world' built on 'knowledge industries' and the like. It is what America is supposed to become in the next century, along with a few other chosen partners like Japan and Germany, while most of the industrial world and all but a select few parts of the industrializing world drop farther into poverty. It sounds good to many, and even astute critics like David Morris of the Washington-based Institute for Self Reliance seem to believe that computers will empower individual citizens and permit decentralized independence from the megacorporations.

Nonsense. 'Information' is just the currency of the globalists' machines. The globalists made the machines in their own image and they control the kinds of information those machines are capable of using: the quantifications of life, the reduction of human complexities to analogues. And they are not much interested in empowering citizens or they wouldn't give us those machines in the first place. To believe otherwise is to fall into the trap of technophilia – a velvet-lined trap, with its VCRs and microwaves and wordprocessors, but a terrible snare and delusion nonetheless.

There should be no doubt about the fundamental dangers of believing that machines are here to solve our problems. They exist out of their own imperative, a technological imperative backed by a utilitarian science that, as Lewis Mumford so cogently saw, is really 'the ultimate religion of our seemingly rational age'. He called it 'the Myth of the Machine' and warned explicitly of what it meant: 'bigger and bigger, more and more, farther and farther, faster and faster' – not to mention worse and worse, riskier and riskier, deadlier and deadlier.

There should also be no doubt that if there is to be any salvation for the twenty-first century it will come through biophilia, some kind of profound and thoroughgoing love of nature and a respect for her laws and imperatives. All of which, I need hardly say, are opposed to those of globalism.

● *Consumptivitis* – It is so elemental that we almost overlook it, but the unalterable foundation of industrialism is the disease of unending consumption – of what, it hardly matters – and its accompanying unlimited production. A global economy guided by free trade – that is free of environmental laws and price constraints and resource allotments and national allegiances and labour restrictions – can go into a frenzy of production and consumption, prodded by advertising, sanctioned



Wealthy Mongolian cradles his mobile phone: the 'velvet trap' of modern technology has spread around the globe.

by consumer culture and driven by the materialism that lies at the heart of Western society.

This consumption need not be equal, within or among nations, to work. In fact the accumulated buying power of the rich must come from the increasing impoverishment of the poor – the underclasses within industrial society (growing by record numbers in the 1980s and 1990s) and the still-colonized countries elsewhere, whose distance from the rich nations is vast and growing wider each year.

There are limits to all this, of course, and they are set by the earth and its systems, already seriously over-stressed. But they are of no concern to globalists, since by definition they have no home and couldn't care less about that care-of-home that goes by the name 'ecology'. Without restraints the megacorporations are free to use up resources at an ever-faster rate (remember, the scarcer the resource the more valuable it becomes), to foul the biosphere in their processing of them and to poison air and soil in their disposal of them. There is no concern for the inevitable ecocidal end of this because the corporation, again by definition, does not comprehend the future and must maximize profits in the shortest run possible.

● *Giantism* – Perils there may be in bigness, as the struggling IBM, General Motors and even Mitsubishi demonstrate. But this is the imperative of successful globalism. What you lose now in workforce you simply gain later in hassle-free automation, reduced labour costs and increased profits. Despite its problems General Motors is still the number one American corporation. Moreover the occasional and inevitable misstep (for with all their megamachines, large enterprises are always less efficient than small) is more than made up for by the immense power the global players have. They can

twist laws and regulations, shift plants around the globe, open or close markets, set prices, monopolize research and development. The rules, written by the big players always favour the big players, and are designed to forgive them for their flaws and failures.

It has become commonplace to note that such power is beyond the control of any

mere citizen or consumer. But corporations have never been democratic, nor were ever meant to be. The largest of them are for the most part impervious not only to popular pressure but even to government suasion. They owe no loyalty to any town or even nation. Wasn't it revealing that the US pavilion at the World's Fair in Spain last year was such a meagre, flimsy thing? The main reason was that American companies one after the other refused to kick in funds and thus become associated with the United States. They wished to be seen as 'global' instead.

And since there is none to take them on and all the powerful international institutions like the World Bank are of their own making, there is none to halt their increasing growth, or their increasing power to impoverish the people and imperil the earth. Giants really do stalk the world, and most of creation trembles.

The gospel of globalism made up of these essential values bids fair to sanction a corporatist catastrophe in this next century. And I'd be hard put to identify – alas, even to imagine – the forces that would be able to undermine its potent message and the likely outcome. We know what values we would put in its place: community, democracy, decentralization, biophilia, harmony, sustenance. But it is difficult to see what gospel would be able to proclaim them forcefully enough, effectively enough, quickly enough.

Perhaps there is comfort in the knowledge that, in time and probably not too far hence, the earth will recoil from the assault of globalism and in some awful spasm will dispel it and all its work, as a dog shakes off water after a plunge. Whether we will be here afterward, of course, is an open question. ■

Kirkpatrick Sale spends as much time as he can in rural upstate New York. He is currently working on a book on technophilia.

Model miracle

The Chilean economy is cruising at high speed, fuelled by multinational investment. But where is it headed and who's on board? Lake Sagaris reports.

In northern Chile the world's driest desert holds some of its richest mineral deposits. The town of El Salvador sits in the middle of this desert 1,000 kilometres north of Santiago, half-way between the Pacific and the Andes mountains. Wide streets lined by boxy houses surround a central square with a few basic shops, a church and some offices. El Salvador is a company town and the company it belongs to is Codelco, the state-owned copper corporation. If it weren't for Codelco, El Salvador would be a ghost town.

Barely 20 years ago copper was at the heart of a vigorous debate about foreign control of Chile's small national economy. Historically, Chile has depended heavily on mineral exports, mined by foreign corporations. A century ago the nitrates mines fed small company towns whose workers were virtual slaves. When the market collapsed after World War One the towns emptied, a desolate warning of the dangers of dependency.

Chile then scrambled from sinking nitrates onto a copper lifeboat. According to San Diego State University economist Brian Loveman, American ownership of Chilean copper during World War Two may have saved the US \$500 million as prices were kept artificially low to feed America's war production.

Chilean politicians of all stripes eyed

huge profits made by the US mining companies with growing disgust. Finally in the late 1960s the Christian Democratic government bought into major copper holdings. Two years later a unanimous vote in Congress nationalized the industry. American mining companies like



The fruits of success still weigh heavily on the shoulders of Chilean workers.

Anaconda and other US corporations like ITT reacted violently to the move and worked to deepen the national crisis that culminated in the 1973 coup and the military dictatorship which followed.

Today the loud voices criticizing foreign multinationals have been muted. Even the Chilean 'Left' has learned to live happily with overseas investment, which last year

topped a billion dollars. The US is still the largest investor, but in recent years Canada and Japan have also become big players, especially in the mining sector. With good reason: mines with names like 'Cloth of Gold' and 'The Indian' can sometimes pay back millions of dollars of investment in as little as five years.

The main reason there's so little criticism of multinationals in Chile today is that the economy is booming. In fact the World Bank and other proselytizers of the export-driven, 'neo-liberal' economy tout Chile as proof the model works. Driving southward from Santiago the harsh rectangles of skyscrapers give way to acres of apples, plums and grapes. Sparkling new packing plants, their driveways bordered with rosebushes, line the highway. In the foreground the familiar logos of Dole, Unifrutti and other food companies flash by. Chilean fruit now fills supermarket produce sections from Montreal to Monterrey. Massive growth in exports has made fruit a symbol of Chile's success.

In the midst of widespread recession the Chilean economy grew an extraordinary ten per cent in 1992; unemployment has fallen to less than five per cent and real wages have risen steadily for the past three years. Inflation is under control and foreign trade is now worth half the country's gross domestic product.

A multinational success story? Not quite. The Chilean economy has gone through roller-coaster ups and downs since 1973 as wholesale support for the free-market policies of American economist Milton Friedman turned Chile into the world's largest social laboratory.

In the early 1980s, when authorities reduced customs barriers, imports rose astronomically. The economy boomed, then just as suddenly took a screaming nosedive. Companies started to fold. Wages plunged and one out of three workers went jobless. The Gross National Product dropped an excruciating 14 per cent. So the military 'modernized', reducing trade-union bargaining rights and slicing social service and education budgets to the bone. As the private sector developed luxury clinics, public hospitals couldn't afford to wash walls, keep toilets running or provide sheets. Freed of wage constraints and with plenty of help from the public purse, corporations slowly began to re-invest.

Too late for the military. Resistance became public protest and in 1988 voters finally tossed out the wily old General in a

plebiscite. The economic 'miracle' which Pinochet expected to carry him to victory hadn't clicked in time.

Pedro Saenz of the UN's Economic Commission for Latin America and the Caribbean agrees that Chile is far from being the open, free-market economy that enthusiasts describe. The state, he argues, has a central role in the Chilean economy –



BARBARA JAMISON / IMPACT VISUALS

Packing apples for export: temporary workers are left with no identity.

the government still owns the country's largest copper mines. And it's those government revenues that have provided the economic space for the private sector to work.

'During the 1980s copper contributed between five and ten per cent of the gross national product,' notes Saenz. 'That income helped the government increase social welfare spending and helped the model work. This new equilibrium between the public and private sectors makes Chile very special in Latin America.'

By 1994 the number of poor who live in overcrowded, often flimsy, wooden shacks and eat mostly bread and tea will have dropped from five million to four million, according to the non-governmental organization Programa de Economía del Trabajo (PET). But Chile is a long way from past norms.

In fact wealth is more concentrated than ever in Chile. In 1968 the poorest fifth of the population earned only eight per cent of total income while the richest pulled in nearly 45 per cent. Today the poorest fifth of the population's share has dropped to just four per cent while the wealthiest fifth gets over half.

'This model doesn't consider the problem of equality,' says Jaime Ruiz Tagle, the economist who heads PET. 'Strong intervention by the state is necessary to

make sure we have a safer, saner society.'

Although the new government of Patricio Aylwin has made some improvements (a recent tax reform increased spending on social services by 40 per cent over three years), the military regime created a political system in which elected authorities have limited power.

A fixed 10 per cent of the state-owned copper agency's sales goes directly to the armed forces. And the electoral system ensures that, with one third of the vote, the parties who supported the military hold close to half the seats in Congress.

Manfred Max Neef, winner of the alternative Nobel prize for economics, and one of the few to criticize the free hand given to foreign investors, warns that Chile's integration into world markets has created a dangerous dependency. 'We've already lost our self-sufficiency for food. On the best pastures in Chile farmers are all growing eucalyptus because it's more "profitable" according to market signs. But market signs are only valid in the short term and eucalyptus plantations are irreversible.'

But it's what goes on inside those sparkling new fruit-packing plants that reveals the system's most serious flaws. There, and in the orchards that supply them, an estimated 500,000 temporary workers – mostly women – work 12 to 16-hour days, six or seven days a week, on short-term contracts that last as little as a week.

Because they work eight months at most, employers and authorities consider them like 'housewives or students who work during holidays', says community organizer Bernardo Reyes, who works with the fruit handlers. 'It's hard for them to recognize themselves as workers. Their jobs have only existed for eight years: they have no identity within our society.'

The military government virtually destroyed a highly organized union movement. Today only 15 per cent of workers are protected by collective bargaining. And unions have few resources to organize workers in the burgeoning fruit industry. Nor is the government overly concerned. Reyes cites the example of a labour ministry official who does consulting for 14 of the companies whose compliance he's supposed to enforce.

Meanwhile the enthusiasm for investment by multinationals may even be threatening the state-owned copper company, Codelco. A new generation of managers is increasingly convinced that the company must be privatized to survive. State administration is too inefficient, they argue, and the unions too powerful to allow changes.

Lake Sagaris is a freelance writer, poet and a long-time resident of Chile.

WORTH READING ON MULTINATIONALS

World Class Business, A Guide to the 100 Most Powerful Global Corporations

by Philip Matera, Henry Holt and Company, New York, 1992. Breezy informative profiles of the major corporate players with fascinating histories as well as basic statistics and good bibliographies for further reading on each company. **Culture Inc. The Corporate Takeover of Public Expression** by Herbert Schiller, Oxford University Press, New York and Oxford, 1989. A compelling portrait of the growth and power of corporate ideology and the erosion of democratic space by big business. Schiller is especially good on the media and the corporate control of culture.

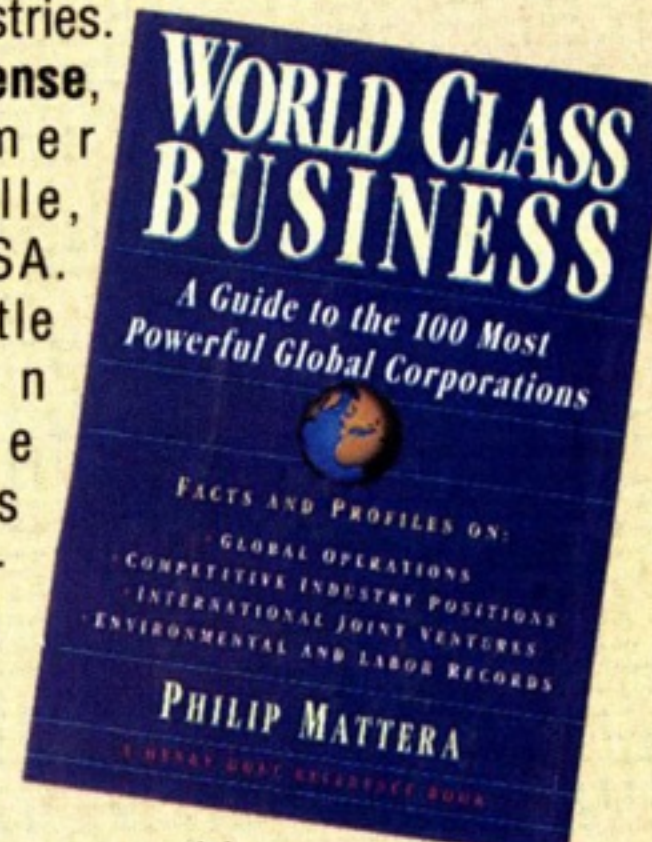
Global Reach by Richard Barnet and Ronald Muller, Simon and Schuster, New York, 1974. Now 20 years old, this smoothly-written classic is still highly entertaining, filled with prescient analysis and terrific quotes from power-brokers of the time. Look for Barnet's new book (co-authored with John Cavanagh), **Global Dreams, The New World of the Great Corporations** (forthcoming, January 1994), an updated look at multinationals in the age of globalization.

Multinational Monitor, PO Box 19405, Washington, DC. A consistent and rigorously critical magazine geared exclusively to monitoring and critiquing corporate activity around the world. Interviews, reports, reviews and good features on grass-roots opposition to corporate activities. Part of the indefatigable Ralph Nader's public-interest empire. **Economic Justice Report**, published by the Ecumenical Coalition for Economic Justice, 11 Madison Avenue, Toronto, Ontario, Canada. A cogent, though occasionally colourless newsletter put out by a church-based research group. Especially useful for those interested in the role of corporations in the emerging North American Free Trade area.

Transnational Information Exchange, Paulus Potterstraat 20, 1071 DA Amsterdam, Netherlands. This NGO research-and-action project works primarily on developing a strategy for labour in response to corporate manoeuvres. Their monthly newsletter features a range of international issues and they've also published extensively on the automobile and chocolate industries.

Dollars and Sense, One Summer St., Somerville, MA 02143, USA.

A feisty little American magazine which attempts to make economics both readable and interesting, an unenviable task which it manages with aplomb most of the time.



THE SAHEL

Goldrush

Even the donkeys are doped in Burkina Faso mines

Fourteen-year-old Salfa Ganamay said he couldn't afford to think of the risks he was taking as he gripped at the sheer sides of the mine's gaping mouth. Descending only on a series of footholds dug into the crumbling earth, he climbed down slowly into the darkness. When he reached the bottom, voices of welcome rose up, echoing eerily as if in a huge cathedral. Buckets on ropes were quickly dropped down to them, to be filled with fist-sized chunks of quartz and hoisted up again. The stones were then pounded into dust for panning by tired women and children who sit from dawn to dusk in temperatures that often reach 45° Celsius.

An hour's journey from Ouagadougou, Buda can't be found on any map of Burkina Faso. It is one of hundreds of mining shanty towns that are springing up along the southern Sahelian rim, where alluvial gold has been found for centuries.

Gold fever has now spawned 50 violent and lawless mining towns in Burkina Faso alone. The appearance of mines like Buda has coincided with the onslaught of 23 years of drought. The long, slow dying of the land – hastened by rising populations and the introduction of cash crops to service foreign debts – has meant that more and more villages are being swept into the gold rush.

Salfa came with his father from a village in the north. 'I would like to find gold and be rich,' he says. 'But I will be happy with enough money to buy seed for my mother to plant for the next rains.'

In the dry season, between November

Desperate

Government planners in Singapore are worried that not enough babies are being born to educated Chinese couples. Former prime minister Lee Kwan Yew declared recently that women with little or no education were having twice as many children as graduate women. The government now wants births among some of its social groups to go down and among others to go up. It will play matchmaker to eligible graduates and discourage the uneducated from having children. In the past, women with little or no formal education were offered financial inducements to be sterilized. Graduate women with more than three children can get priority placements in Singapore's better kindergartens and primary schools. The Social Development Unit (SDU – nicknamed 'Single, Desperate and Ugly') runs a lonely-hearts club catering mainly to the educated Chinese. It now has 14,000 single graduates on its books and organizes 400 social events for them annually.

Stephen Carr / Gemini



PHOTO: CAROLINE PENN

'White tourist' looks out from a mask of dust – life is cheap at the mines.

and May, Buda swells to a makeshift town of 30,000 people crammed into fragile shelters of mats woven from millet stalks draped over sticks of wood. Those who have struck gold display their luck ostentatiously and ride round the mine on shiny new mopeds, wearing fake Rolex watches, sunglasses and new clothes. Women come from as far as Nigeria and Senegal to work in the red light area.

Life is cheap. On average two men a week die from accidents at the mine and six are seriously injured. Epidemics of yellow fever, meningitis and cholera frequently sweep through Buda and there are no medical facilities to treat diarrhoea, malaria and respiratory diseases caused by the fine white dust which settles everywhere.

At dusk the miners return from the pits in straggling lines like participants in a sad carnival: white-painted clowns, with dark staring eyes that shine in the fading light. Local people call them the White Tourists. Behind them, luminous mounds of excavated ore shimmer in the heat beside holes of varying depths. Those that have been abandoned are filled with human excrement.

Twenty-metre strips of land are leased to prospectors by the *Société Minière Géologique du Burkina* for about \$80. Those

that strike it rich hire others to work the mine, giving them a small percentage of the day's findings and usually providing food. Most miners rely on Kola nuts to stave off hunger, and take amphetamines. Even the donkeys are drugged.

The process of finding gold is long and laborious. Bare hands and water are the main investments. Any gold found has to be sold to the state, but at \$8 per gram the price is well below the market rate. 'We smuggle it out in food,' one miner told me. 'We get a better price for it than if we sell it here.' He believed the principal actors in the illegal gold trade are a handful of ministers, local and Lebanese businessmen and a shrewd élite of soldiers and police officers.

The loss to a country as poor as Burkina Faso is a serious one. Gold is the main export, generating \$38 million annually. Yet only one gold mine in Burkina Faso is fully industrialized.

Reports of new findings of gold deposits in the region by foreign investors and the United Nations Department for Technical Co-operation and Development, indicate that increased investment in West Africa's mines could well lead to efficient mining methods that may eventually benefit mines like Buda and the people who work in them. Foreign investors are lining up to swoop. ■

Christine Aziz

THE AMAZON



LUPE CUNHA

Indians in Brazil lose out in the UN Year of the Indigenous Peoples and the Brazilian year of land demarcation.

Back to business

FUNAI boss sacked

AMIDST the chaos of the recent political upheavals in Brazil – including the impeachment of President Fernando Collor – the sacking of Sydney Possuelo as head of Brazil's Indian Foundation, FUNAI, has gone almost unnoticed by foreign media. During his two-year presidency Mr Possuelo went some way towards transforming the government organ from a corrupt bureaucratic shambles to a respected body, widely recognized as an effective defender of Indian rights (see *Updates*, NI 240).

The central issue bringing FUNAI into conflict with vested interests at local and national level is the question of land demarcation. In accordance with the Brazilian constitution, FUNAI is responsible for the demarcation of all Indian land by 5 October 1993. There are 510 different areas and 89 million hectares of land to be demarcated – 10 per cent of the total land area of Brazil.

In practice, with no resources, FUNAI is in no position to demarcate more than a fraction of this. The Possuelo administration has nonetheless done a remarkable amount with remarkably little. Agreements with Brazilian aid agencies have expedited the demarcation of Indian lands, from the Guaraní in the south to the Macuxi in the north. The greatest victory of all was the agreement for the demarcation of the Yanomami land on the

border with Venezuela in June of last year. Possuelo's last act as President was to sign the agreement for the demarcation of the Macuxi / Wapixana area in the northern state of Roraima.

With his departure the Brazilian military are trying to revitalize their Calha Norte project designed to secure the northern frontiers of Brazil. The military commander of Amazônia, General José Sampaio Maia, has suggested opening a trail along the 9.2 thousand kilometres of frontier. 'The ideal would be to build a high wall... but this isn't

possible,' he said. Roraima state representative and military man, João Baptista Fagundes has reportedly received assurances from the new President Itamar that the area will not be demarcated. The military-business alliance may even attempt to use the 'foreign-threat' bogeyman to get the legal status of the Yanomami area revoked.

As for Sydney Possuelo? In this, the UN Year of the Indigenous Peoples – and land demarcation year for Brazil's Indians – his future is as uncertain as theirs.

Steve Bowles

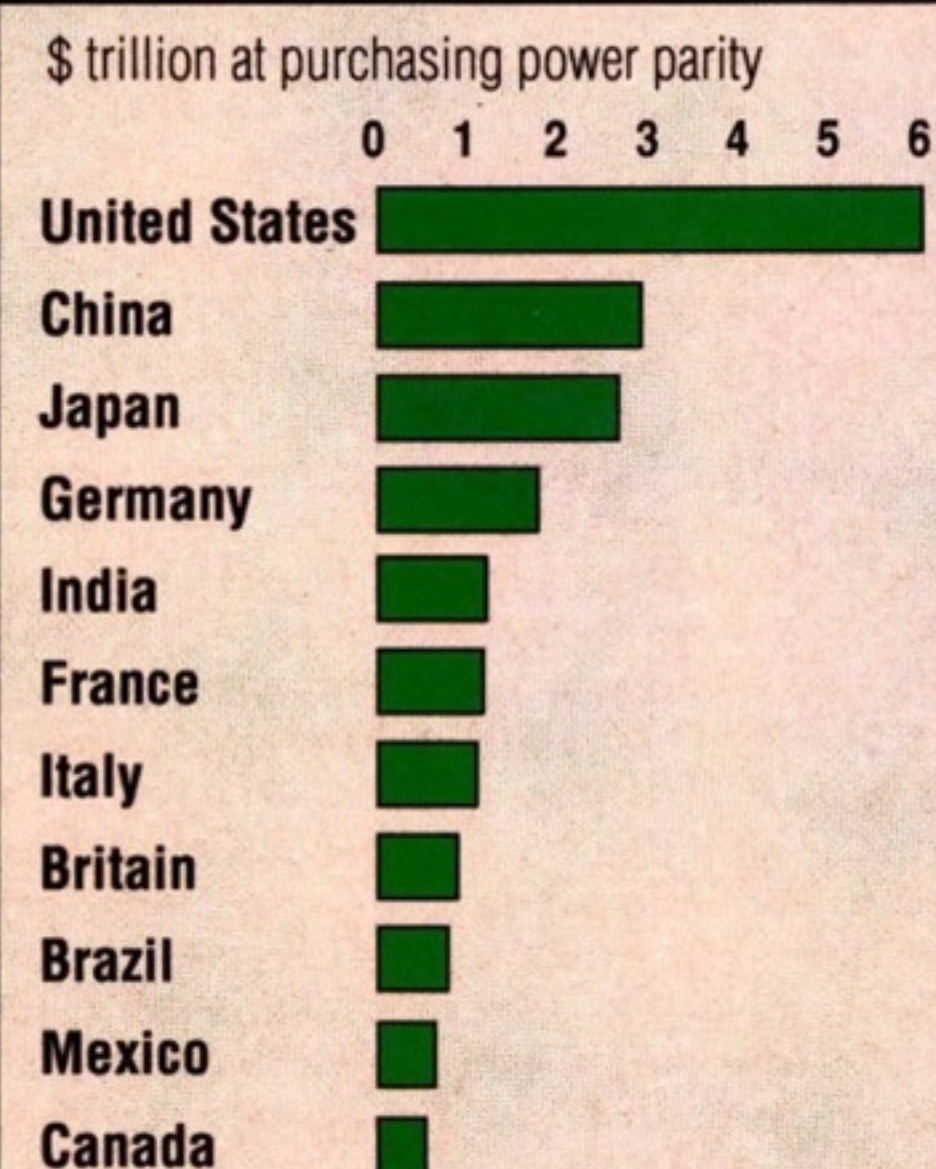
Miracle massage

New figures produced by the International Monetary Fund (IMF) imply some startling changes to conventional wisdom on the measurement of 'national wealth'. Traditionally figures have been compiled by the World Bank and others based on Gross Domestic Product (GDP) expressed in US dollars at volatile market exchange rates. The new measure, 'Purchasing Power Parities' (PPP), massages the figures to take account of international differences in prices and the cost of living – and to produce something of an 'economic miracle'. Developing countries' share of 'world output' jumps from 18 per cent to 43 per cent.

All such measures are notoriously unreliable – they take no account, for example, of the distribution of wealth within countries or the 'quality of life' for the majority. In this case they look just a little too convenient for the IMF, which needs to demonstrate the success of its 'structural adjustment' policies in developing countries, where there is widespread criticism of their devastating effects.

Source: IMF World Economic Outlook 1993

The world GDP league*



* Comparable Russian figure not available

ISRAEL

Future imperfect

Kibbutzim shed ideals

ISRAEL's 'kibbutzim', or rural collectives, have since the foundation of the state symbolized the ideals of early settlers. But like other societies they are questioning their socialist ideology.

There are 270 kibbutzim in Israel with a total population of 126,000 members. All members have rights over all property and resources. Within the means of the kibbutz, individual needs are satisfied and everyone, including the elderly, makes some contribution. The collective is democratically governed and dedicated to material and social equality. No-one receives individual payment for their work.

Yehuda Harel, a kibbutz member and leading proponent of change, believes the movement is a total failure. He says members should have greater personal freedom and less collective governance. Amir Helman of kibbutz Afikim has added a call for greater professionalization of the work-



Pioneers of the kibbutz in the promised land: ideals begin to crumble beneath debt and doubt.

Patent pilfering

Endod, or *Phytolacca dodecandra*, commonly known as the African soapberry plant, is a perennial that has been selected and cultivated for centuries in many parts of Africa, where its berries are used as a detergent. Ethiopians are also aware of its fish- and snail-killing properties. It has been extensively studied in Ethiopia, Zambia, Swaziland and Zimbabwe. Now along comes the US University of Toledo applying for a patent on the use of Endod for the control of zebra mussels which infest the Great Lakes. If a patent is given it means the University and three scientists will benefit. What about the Ethiopian growers? Well, there is an 'informal agreement' to buy the raw material directly from them.

Chakravarthi Raghavan/Third World Features.

Fraudulent MBA

Corruption is part of doing business in Argentina, a fact now recognized by the University of Buenos Aires, which will include a new course on 'perverse systems' in its MBA syllabus. Lecturers will include businessmen, judges and government officials, including the mayor of Buenos Aires. His predecessor was charged last week with fraudulent administration. The government of President Carlos Menem has been rocked by 19 big corruption scandals since it took office in July 1989, and 20 senior aides and ministers have been sacked on suspicion of corruption. For all that, no investigation has ended in a trial.

The Financial Times, 27 April 1993

force and direct payment for work.

Industry now provides two thirds of total kibbutz income. Plans are afoot to reorganize kibbutz factories. More than 20 have been turned into limited liability companies. Other recent initiatives include partnerships with private capital and the abolition of management rotation. The concept of equal value of all work is also threatened.

Kibbutz Nir Am is already making open payments to members working overtime. And in October last year Ein Zivan, an impoverished kibbutz on the Golan Heights, broke the biggest taboo of all. As one member explained: 'We decided that if the kibbutz was going to earn money everybody had to work and that he or she could keep what he earned as an incentive.'

What amounts to a crisis of confidence in the kibbutzim is the result of Israel's economic problems in the mid-1980s, when the shekel was devalued and inflation rates soared to 445 per cent. The kibbutz movement had used government loans to invest heavily in new factories and homes for its members. Suddenly it was faced with interest rates approaching 90 per cent. The total debt of the kibbutz movement now stands at four billion dollars. To many this appears to confirm the failure of democratic work organization and management.

Ironically, these changes are being introduced when the economic situation of the kibbutz movement as a whole is improving and few kibbutzim face financial ruin any longer. Industrial plants are less successful where kibbutz values are not maintained, when for example supervising hired labour imposes additional costs. Kibbutz factories outperformed their non-kibbutz Israeli

competitors even during the economic stagnation of the 1980s.

Still, some members like Gilad Shafran of kibbutz Snir believe in the privatization of the means of production, claiming that 'most successful individuals will be only too happy to share ideas, initiative, and even possessions with less successful individuals as long as they are worthy'.

Meanwhile Ein Zivan has been told to stop paying differentiated allowances. At a recent showdown with the movement secretariat the kibbutz refused to comply - being bankrupt it had nothing to lose. But if it is not expelled the kibbutz movement could collapse.

Chris Warhurst

END

END Quote

**Falsehood hath so corrupted all the world,
Ne'er deal as true friends they whom
sects divide;
But were not hate man's natural element,
Churches and mosques had risen side
by side.**

Abu'l-Ala,
Syrian Arab poet (973-1058 AD)



books



Black Hands of Beijing

by George Black & Robin Munro (Wiley)

The Tiananmen Massacre is, like the tumbling of the Berlin Wall, one of those events which stands out in the collective memory as a truly significant piece of history that all of us, in some uniquely modern, televisual sense, lived through with those who were actually there.

But though television enables us to participate emotionally its picture is, of course, extremely partial – often in both senses of that word. George Black and Robin Munro's remarkable book refers, for example, to the award-winning BBC reports of John Simpson, which helped spread the myth that there was a massacre of students inside the Square itself. Simpson reported having seen from his hotel troops shoot directly at students around the Monument – yet the Monument is not visible from there and eye-witnesses to the same fusillade say the shots were fired into the air.

There was a massacre – but of workers and ordinary citizens on the roads approaching the Square rather than of the telegenic students. That doesn't change the brutality of the repression – but the lesson is that, in China especially, you have to dig a bit deeper to get at the truth. And dig deeper **Black Hands** certainly does. If ever a book brought the politics of China alive this is it. Normally we get dry analysis of Politburo manoeuvring; here we get the miraculously readable inside story of the democracy movement over the 13 years leading up to Tiananmen.

People who were just names

in a news report or an Amnesty list here become real people: bus worker Han Dongfang, catapulted from obscurity into the spotlight as 'China's Walesa', and the Joan of Arc figure of Chai Ling, who upped the emotional ante in the Square with her hunger strike. But primarily we follow the two men the regime eventually fixed on (quite wrongly) as *agents provocateurs* of the student protest, as 'the black hands behind the black hands'. We follow Chen Ziming and Wang Juntao through their early headstrong involvement in student protest just before Mao's death into the long hard work of trying to create a civil society in China where there has never been such a thing: setting up research institutes, polling public opinion, producing magazines. Enthusiasts for economic reform, they realize what the Chinese leadership has never realized: that economic reform goes hand in hand with political change. Ironically both Chen and Wang tried to act as restraining influences on the students, seeing disaster ahead and trying to look after the broader prospects for the democratic movement.

Black Hands of Beijing has all the raciness, the page-turning compulsion of a thriller. And that's what it actually becomes after the clampdown as Chen and Wang try separately to evade the state-security network and escape into Hong Kong – only to be betrayed by a 'mole' into grisly months of interrogation and torture. At times you can't help but wonder where the authors are getting their information – the radicals' story has clearly been painstakingly constructed from many different accounts but what about the insider view you get of Politburo discussions, of Deng Xiaoping talking to Li Peng? These exchanges may be 'faction' but they have the general ring of truth and enhance

A teenage Wang after Maoist correction for early 'errors'.



our understanding of the way this particular totalitarian monster lumbers into action.

Some time soon, when Deng Xiaoping finally relaxes his grip on life and power, the battle for democracy in China is going to be renewed. If you want to know in advance about the background to that struggle, to be spirited inside the Chinese political scene – normally so impenetrable to the outside observer – then this is the book to turn to. It is quite brilliant.

Politics ★★★★★

Entertainment ★★★★★



film

Just Another Girl on the IRT

directed by Leslie Harris

When, a couple of years ago, the press hailed the new generation of black American filmmakers, few questioned the fact that there were no women directors in the line-up. There was the odd mention of Julie Dash, who had been making shorts since the 1970s. But her first feature, the elegiac *Daughters of the Dust*, did not comply with the fashion for the contemporary urban stories that the men were making their name with and duly disappeared into distribution oblivion.

In contrast, distributors have been jumping to take on Leslie Harris's low-budget **Just Another Girl on the IRT** (the IRT is New York's subway system). So at last a young black American woman director is getting a little profile – and a young black American woman's story is being seen on screen.

Like a female *Straight Out of Brooklyn*, Harris's film follows the fortunes of Chantel (played by perky newcomer Ariyan Johnson), who is keen to pursue a career in medicine. But Chantel's A-grade plans go awry when she becomes pregnant. While the boys in the hood's troubles start when they mess around with guns and drugs, the girls' troubles start when they mess around with sex.

Fair enough – Harris's film grapples with an unquestionable social reality. But unfortunately **Just Another Girl**, which starts as a jaunty and sweetly observed essay on teenage friendship, mutates all too soon into an awkwardly staged and didactic sermon on planned



Just another attitude dance.

parenthood. Indeed the film simply falls apart under the burden of its message as it calls for difficult moments (such as the interminable scene showing Chantel in labour) which neither the director nor her actors have the skill and experience to pull off.

Film-makers from sections of society that have been previously silenced often feel they have a moral obligation to give their first movie some serious import rather than concentrating on their craft. That sense of responsibility should be lifted. But at least **Just Another Girl** may signal the moment when more women get on the track.

Politics ★★★

Entertainment ★



music

Mangoni

by Nahawa Doumbia (*Stern's Africa*)

A few years back, when the Gypsy Kings were at their flamboyant flamenco peak, music critics caught hold of a rumour that chilled them to the bone. The Kings, it seemed, were anticipating their royalty cheques with feverish impatience; they had their eyes on a bank of electronic keyboards, synthesizers and plug-in drums.

Nahawa Doumbia is affectionately referred to in Mali as 'the young princess of hi-tech'. But it is a kind of hi-tech that avoids all the pitfalls and retreats that the Gypsy Kings gossip implied.

Nahawa's uncluttered rhythms and sardonic lyrics have already marked her as a force to be reckoned with. **Mangoni** – her third album – is a compellingly catchy collection that combines traditional and modern instruments in a deft mix. Traditional *balafon* rhythms

combine with some airy, atmospheric production touches that have faint echoes of Daniel Lanois or even Brian Eno. In assimilating new sounds, Nahawa has lost nothing of her own culture.

In fact this album – the title refers to the wife least favoured in a polygamous marriage – sees Nahawa returning to her roots. Her second album *Nyama Toutou* was an up-tempo affair where guitars and brass met to large, dancey effect. **Mangoni** is a return to the narrower instrumental range that marked *Didadi*, her stirring debut. Rhythm guitars, percussion and keyboards are used with an effective economy. On songs like the captivating *Farafina Dambe*, they bob around in a slow, sensuous weave.

Her subject matter is unfailingly traditional, her attitude uncompromisingly modern. Issues like surviving old age and rivalry in polygamous marriages dominate. 'If my husband buys



Nahawa: the princess of hi-tech.

some beef for his favourite wife, I'll just go out and buy fish for myself,' sings the spurned wife in *Galoya*, full of dignity.

Nahawa's freedom to choose such topics comes from two sources. Her contact with a community of musicians in Paris has given her valuable distance. Her second source is closer to home. As the daughter of a smith rather than of the *griot* class of hereditary musicians, she remains unencumbered by their traditional duties of praise-singing. Such freedom sounds a new note of authenticity for West African music. We can only hold our breath and wonder at the direction she will take next.

Politics ★★★★★

Entertainment ★★★★★

STAR RATING

Excellent ★★★★★

Very good ★★★★★

Good ★★★★★

Fair ★★★★★

Poor ★★★★★

Reviews editor: Chris Brazier

Big Science

... being the record that held up a mirror to the Reagan Age

EVER since Thaddeus Cahill – a footnote in musical history if ever there was one – first exhibited his dynamophone to an incredulous public in 1906, the place of electronics in musical life has been the subject of never-ending debate. Cahill's 200-ton machine, which generated sounds by means of huge dynamos, has been superseded by the sleek, matt-black keyboards that are the stuff of modern music-making. As the capacities of these machines grow ever more complex, it's nevertheless unusual to find musicians and composers confident enough to plug in only to the most simple and economic usages they offer.

Laurie Anderson would probably be reticent about describing herself as either composer or musician. An American now in her mid-forties, she grew up in the Bible Belt of Illinois. Moving to New York in time to catch the ferment of the Sixties, she studied violin and sculpture and, like many young artists, started to experiment with performance art. Photographs of her exist showing her standing on blocks of ice, playing a violin with a bow in which magnetic tape has replaced the conventional horse-hair. The piece lasted long enough for the ice to melt; you could safely call it avant-garde. This background is important. Although she's remembered for her albums – her debut LP, **Big Science** and its single, *O Superman*, were both big hits back in 1982 – I like to think of her as a person whose strange, slight and thoughtful music has a significance that stretches beyond the world of the concert stage, recording contract and promotional tour.

The nine songs of **Big Science** were taken from her four-hour, one-woman stage show *United States* and their common theme had to do with life in a hi-tech society; they appeared at a time when synthesizer pop groups were singing about wanting to be machines and meaning it. These songs are about alienation, power and politics. There is nothing bombastic or cluttered about their sounds; rarely has so much been said in so stringent a way. Although Anderson was not the first artist to bring the techniques of the avant-garde into popular music – Brian Eno had been spectacularly successful in that department ten years previously – she was the first to inject popular music with performance art's commitment to content, and social content at that. To me, Anderson's voice – witty, incisive, reasoning and humanitarian in turn – is the voice of conscience.

In **Big Science** little phrases that we've all heard a thousand times before – 'Howdy

stranger. Mind if I smoke?' – fill her conversational songs. Their very familiarity is disarming. In *O Superman*, a slowly pulsating track about weapons, a mother's safe arms become 'automatic arms... electronic arms... long arms, petrochemical arms, military arms'. In *Let X=X*, a kind of displaced love song, she observes 'Satellites are out tonight'. Her speaking voice rises and falls like that of a natural storyteller, both captivating and hypnotic – an intensely human voice observing an increasingly inhuman world. You suddenly realize that the lights to be turned out on the album's title track could quite possibly signify the end of the world. Press the button! *Pff! Bang!* It's that simple.

'I'm a moralist disguised as an artist,'

Anderson once told me. I met her in London in 1989; the Berlin Wall was coming down and she had just flown in from Munich, where she'd been watching TV news coverage of East Germans on their first visits to the affluent West. 'I've seen these faces before,' she said. 'The faces of people who are desperate to... shop.' It was a typical Anderson one-liner – funny but also fundamentally right. In seeing people confused about their desires –

what are they? what should they be? – and, ultimately, about the meaning of their own existence in a world whose keyword was individuality at the expense of commonality, she was revisiting a theme that ran through **Big Science**.

As the 1980s progressed her voice grew louder. If **Big Science** had wondered about the safety of the world under the control of trigger-happy leaders (she always seemed both tickled and horrified that an old B-movie cowboy could rise to become US President), she now spoke out against the me-me-me ethos of Reaganomics. Her most recent album – *Strange Angels*, released in 1989 – peopled the landscape of **Big Science**. It tackled feminism, sexism and censorship. The inner sleeve contained a letter to Robert Mapplethorpe, the late New York photographer whose homo-erotic pictures were denounced as antithetical to the American Dream.

There are no overt politics or belief systems propagated in Laurie Anderson's songs. But she holds up a mirror to contemporary society and reflects a landscape made strange. Her central concern is summed up on *Strange Angels*: 'We don't know where we come from/ We don't know what we are'. That is a brave and liberating admission which flies in the face of the certainties of dogma. And it's an invitation to question that in itself packs a powerful political punch. ■

Louise Gray

Big Science by Laurie Anderson (Warners 1982).





QUESTIONS

...that have always intrigued you about the world will appear in this, your section, and be answered by other readers. Please address your answers and questions to 'Curiosities'.

Can I use cotton toilet paper with a clear conscience? Is it likely to have been produced in circumstances that are environmentally friendly?

● Unless toilet paper is made from organically-produced cotton it is unlikely to be environmentally-friendly.



RAISSA PAGE / FORMAT

In most countries cotton production is an intensive monoculture, relying on high pesticide input. It is more than likely that highly toxic organochloride pesticides would have been used on the cotton in your toilet rolls.

Organochlorides are held responsible for

cancers and birth defects and are implicated in the global fall in sperm count. They are highly persistent, both in the environment and in animal tissues, and have been shown to be transmitted in mothers' milk.

A number of countries – including Australia – no longer permit the use of organochloride pesticides on crops but still allow their use for cotton-growing. Indiscriminate spraying from the air has been blamed for health problems in cotton-growing areas. Consumers, meanwhile, run the risk of absorbing toxic organochlorides when using cotton products which are in close contact with the body – such as tampons.

But then bleaching paper with chlorine-based compound also creates organochlorides – a major problem of pulp mill effluent.

So the answer is: either buy non-chlorine bleached paper products or organically-grown cotton. Above all, write to the manufacturers and ask them about their production methods and their sources of raw materials.

David Firn
Oxford, UK

Cotton crops may be sprayed with harmful pesticides 45 times per season. Organically-grown cotton is available but demand outstrips supply. For minimal environmental impact it is best to use 100 per cent post-consumer waste paper or recycle some of those NIs.

Annie Key
Leicester, UK

Has anyone heard of a vegetarian famine relief organization called VEGFAM? If so what's the address, please?

● VEGFAM was established in 1963 as a charity to feed the hungry without exploiting animals and using only plant foods. The 30

countries where VEGFAM has financed projects have fragile environments which cannot support the double population explosion: of humans and their food animals. VEGFAM's headquarters are at The Sanctuary, Lydford, Devon, EX20 4AL, UK. Tel 082 282 203 or 0462 456294.

F Howard
VEGFAM, UK

AWAITING YOUR ANSWERS

I suspect that cannibalism is a racist myth. Did Idi Amin have to eat people other than for the benefit of our tabloid press? Can anyone provide me with evidence of cannibalism – either way?

David Williams
Camberley, UK

I am a Canadian residing in Aotearoa/New Zealand and have heard people from the UK referred to as POMs. Does anyone know the origins of this?

Janice Travett
Palmerston North, Aotearoa / New Zealand

Does anyone know how the origin of the belief that a stork brings a new baby? Why should storks be associated with childbirth?

Mary Morgans
Ainsdale, UK

Is the story of Elzeard Bouffin – the 'man who planted trees' in the Alps – true or was it invented to encourage replanting in that area?

Steve Lamb
Lasquite Is, Canada

If you have any questions or answers please send them to Curiosities, **New Internationalist**, 55 Rectory Road, Oxford OX4 1BW, UK, or to your local NI office (see inside front cover for addresses).

big Bad World

ANDY WILKINS

PUZZLE TIME!

ARE YOU: A POLITICIAN? AN I.M.F. EXECUTIVE? A JOURNALIST? A MEMBER OF A MAJOR MULTINATIONAL CORPORATION? THEN PIT YOUR WITS AGAINST OUR SUPER-FUN STARVATION BRAIN-TEASER....!!

ENOUGH FOOD BEING GROWN TO FEED 6 BILLION PEOPLE EVERY DAY

÷

6 BILLION PEOPLE (USE YOUR IMAGINATION)

A 6 BILLION WELL-FED, HAPPY PEOPLE?

or

B GLOBAL HUNGER AND FAMINES OF BIBLICAL PROPORTION EVERY SIX MONTHS OR SO?

HOW DID YOU SCORE?

A OOH! PROPER LITTLE EINSTEIN, AREN'T WE? SO HOW COME YOU DON'T QUIT? YOU HAVE THE I.Q. AND SENSE OF JUSTICE OF AN ASH TRAY... EXPECT PROMOTION SOON. ARE YOU?

B YOU'RE JUST NOT PAYING ATTENTION, ARE YOU?

C

Playing with fire

German politicians express horror at racist attacks against foreigners in their country. But Yvonne Burgess detects how they – and other Europeans – make political capital out of German racism.

WHEN the Berlin Wall came down in November 1989, I heard about it in a Nairobi Youth Hostel on my way home after six years in Africa. It took me three more years back in Scotland to feel ready to visit the newly reunited Germany and the de-walled city I had lived in for a year and a half in the 1970s.

For 15 years I had hardly been to Germany. From the age of 16 to 22 I had been in love with the place and its culture, but then the passion had waned. Last Autumn was the first time since the late 1970s that Germany really touched me. It was also the first time I felt I understood again something of what was going on there.

Living in Africa had taught me not to trust newspapers for analysis. At home we get a lot of news snippets about right-wing violence and economic crisis in Germany – the slivers of reality our commentators trust themselves to notice and report, because they relate directly to our own feelings and fears about Germany.

I wanted to try and understand Germany again from the inside, the way I used to feel I did. To write an article specially on racism in Germany feels a little like a betrayal – like pandering to the porn market. But if I can explain why I feel this, perhaps my article will serve a different and better purpose.

While I was travelling through Germany, Poland and Czechoslovakia, racist attacks on non-Germans went on and on in East and West Germany. Germany's many neighbours were very worried by the atmosphere – and Germans themselves (I would say most Germans) were also worried. If everyone in Germany were worried about the upsurge in racism, there would be less to worry about, but unfortunately some people are much more worried about other things.

Many ordinary Germans resent paying taxes for reunification, for refugees and would-be refugees at a time when they feel less economically secure than they have since the 1960s. Many politicians are afraid that the current insoluble economic problems of reunification and the world recession will topple them from power. As I hitched through West Germany I got lifts from a police officer and a young roofer, who told me their views of Turks ('I hate that race'), refugees, and poor 'exploited' and 'victimized' Germany. They spoke with passion and disarming frankness – and they obviously represented millions of working West Germans.

But the politicians' fear of losing power is probably even more dangerous than that of the racist police officer or the roofer. If this seems hard to believe, I can only say that at first I too found it very hard to believe what my friends were telling me about their leaders' motivations and tactics in the present political situation. Gradually, however, I realized they were right – not least because the analysis is shared by such a wide range of Germans from both East and West.

To explain, let me return to the police officer. His bugbear is

that Germany, 'just because she lost the War', is forced to keep open borders to everyone in the world who decides to call themselves a refugee. Would-be refugees – from former Yugoslavia, Afghanistan, Somalia or wherever – are accommodated in special hostels and paid full social security benefits until their applications for asylum have been processed. Here lies the rub: the procedure is taking up to two years and more.

'If there's one thing we Germans are good at, it's bureaucracy,' one friend pointed out. 'Given the political will, all these applications could be processed in two months and the people moved out of the hostels. But it suits the Government to drag its heels, for the violence and rising feeling against asylum seekers distracts attention from its economic embarrassment – and strengthens the argument for changing the post-war constitution that forces Germany to keep its doors open.' (Since then the German Government has succeeded in changing the constitution, making it easier to close the door on refugee-seekers.)

So it is said that in the aftermath of reunification German politicians are playing with racism. I do not want to be a scaremonger or to point a finger at Germans. I marched among one third of a million Germans who came together in Berlin to say 'no' to racism and their own hypocritical leaders. The main slogans were against 'hostility to foreigners' and called for 'no change to the constitution'. I cannot imagine racist violence in Britain arous-

ing such massive or heartfelt response, and I don't believe that Nazis could retake Germany.

But the sense among many Germans that they are being unjustly humiliated and held up to the world view as an international scapegoat is a disturbing rerun of the kind of resentment that fuelled the Nazis' rise to power.

It seems to me that the whole problem of racism in Europe revolves around projection: we project the things we see as negative onto others, so that we can point the finger at them and feel good ourselves. We all do it to those we oppress – and we Brits specifically do it to the Germans. Germany has been our scapegoat. For over 50 years we have enjoyed being the goodies to Hitler's baddies. Our fear of foreigners is a loveable foible – theirs a dangerous disease. We exclude whom we please; but they can afford/deserve to take all-comers. We are still the anti-Nazi heroes: Germany's the one you've got to watch.

But while we continue to peer self-righteously across the Channel at the fire-raisers in Rostock, Kohl and his henchmen are not the only ones playing with fire. ■



Neo-Nazi thugs make their position clear; politicians play a more complex game.

CAMERA PRESS

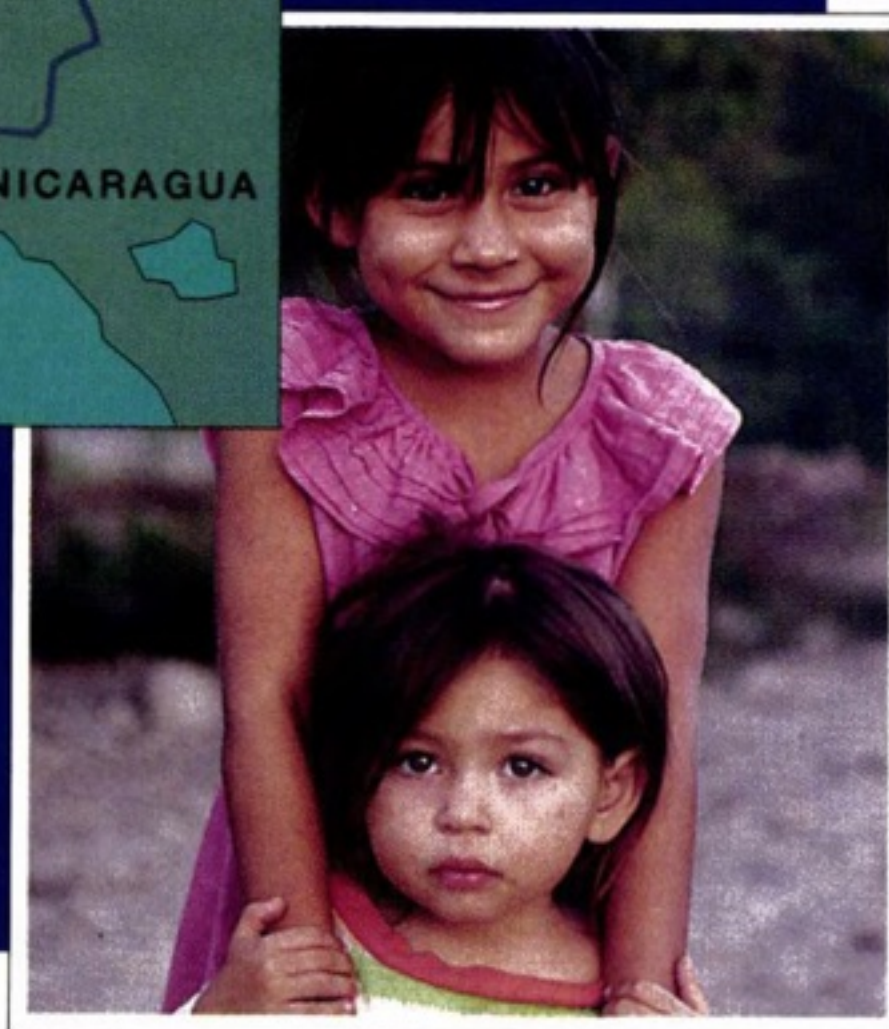
Yvonne Burgess is a freelance writer living in Fife, Scotland.

El Salvador

CHURCH bells pealed throughout El Salvador. Crowds danced and sang in every town and village. Fireworks burst across the night sky, where once there had only been tracer bullets. The bitterness of one of Latin America's bloodiest conflicts was temporarily forgotten, as government and rebels of the Farabundo Marti Front for National Liberation (FMLN) on 16 January 1992 signed a peace treaty to end the country's 12-year civil war.

The ceasefire came into effect on the first of February 1992. The commanders of the five political-military groups which make up the FMLN flew back into the country and openly addressed a rally in the centre of the capital, San Salvador. Nothing like it had been seen since 1980, when a million people demonstrated in support of opposition demands for reform.

What will peace now bring? Almost half of the 55,000-strong government forces and all of the guerillas have been demobilized. The most notorious of the security forces have been disbanded and replaced by a police force under civilian control. The FMLN has transformed itself into a political party. But the peace accord



guerilla army for whom land reform was vital for survival. The two armies fought themselves to a shifting but continuing stalemate.

It was the toll on the economy that finally convinced the more pragmatic members of the élite to make peace, over protests from the army.

In their efforts to survive, poor communities found a new self-reliance and had their first experience of participatory democracy. People created and elected their own village councils in the guerilla-controlled zones during the mid-1980s.

But the popular movement and non-governmental organisations have been ignored in the reconstruction plans. The private sector and the free market are centre stage. The economy is unlikely to find jobs and land for all the demobilized combatants and returning refugees.

In May a demonstration by disabled veterans from both the army and the guerillas was fired on by the National Police, killing two people. The revolution of the 1980s was not the first – there was a brief uprising, brutally suppressed in 1932. There could yet be another.

Neil MacDonald / Larry Boyd

does not address the root causes of the war: landlessness, poverty and repression.

El Salvador's economic élite has always relied on repression and terror to hold down any threat to its monopoly of land. During the war right-wing death squads and the armed forces murdered over 75,000 civilians,

among them the country's crusading Archbishop, Oscar Romero. Virtually every family has lost someone. Almost a million people fled their homes. Yet terror – and aid from Washington which made the country the world's sixth biggest recipient of US military aid – failed to defeat a peasant

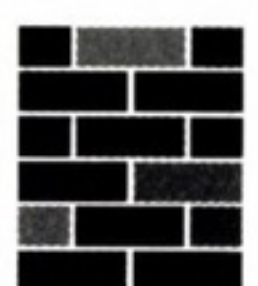
AT A glance

Excellent ★★★★★
Good ★★★★
Fair ★★★
Poor ★★
Appalling ★



INCOME DISTRIBUTION ★

Civil war has worsened an already unequal distribution. The poorest 40% earn one third of the average income.
1984: ★★



SELF-RELIANCE ★★

US military and economic aid propped up wartime regime. Much reconstruction aid needed.
1984: ★★



POSITION OF WOMEN ★★

Machismo strong, though women have gained stature in the struggle to survive the war.
1984: ★★★

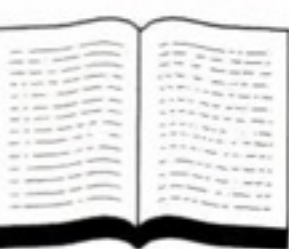


POLITICS

President represents pragmatic wing of far-right.



1984



LITERACY ★★★

Officially 72% (women 69%), though functional literacy may be much less.
1984: ★★★



FREEDOM ★★

End of war has improved situation, but security forces remain very powerful.
1984: ★



LIFE EXPECTANCY ★★★

64 years (US 76 years). Killings should diminish but poverty-related deaths may increase.
1984: ★★

Leader President Alfredo Cristiani
Economy GNP per capita US\$ 1,070 (US \$21,790)

Main exports: coffee, cotton, sugar

People 5.4 million

Health Infant mortality 55 per 1,000 live births (US 9 per 1,000). Percentage of population with access to: health services 58%; safe water 39%; sanitation 60%.

Culture Overwhelmingly mestizo as a result of Spanish-Amerindian intermarriage. Pockets of Hispanicized Amerindians remain. Most Salvadorians are Roman Catholics, although Protestant sects have increased in influence.

Sources: World Bank 1991 and UNDP 1992

Last profiled in September 1984

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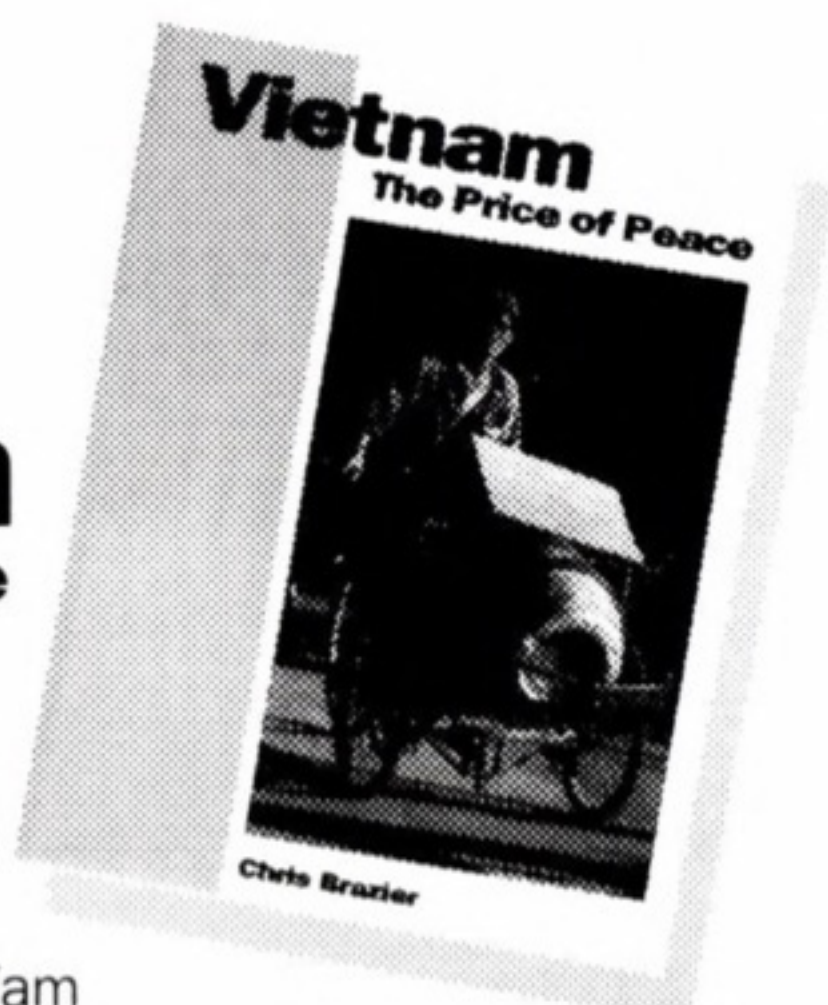
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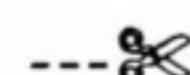


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